Arowana International Limited and its Controlled Entities

ABN 83 103 472 751

Annual Report for the year ended 30 June 2015

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Dear Fellow Shareholders,

This is a combined chairman and CEO report reflecting my new dual role since February 2015 as Executive Chairman and CEO of Arowana International Limited ("**AWN**", the "**Company**" or the "**Group**").

My 6 priorities in the role of CEO, at the start of FY2015 were:

- Launch Arowana Funds Management ("**AFM**") and build it up to A$100m of FUM within 18 months;
- IPO of Arowana Australasian Value Opportunities Fund Limited ("**AAVOF**") as an LIC on the Australian Stock Exchange (to be managed by AFM);
- Launch the unlisted Arowana Australasian Special Situations Fund ("**AASSF**") as a compliant special investor visa (SIV) fund;
- Rebuild our depleted qualified acquisition pipeline to at least $50m aggregate EBIT of potential deals;
- Strengthen our enterprise analytical horsepower through investing in people with the right pedigree and track record as well as technology ; and
- Launch Arowana University internally.

In addition, since taking the role of executive chairman in February, I set out to deliver on 6 key priorities:

- Fast track the recruitment process for at least 1 if not 2 new non-executive directors;
- Build up our Advisory Board with the addition of global expertise, track record and experience;
- Remedy under-investment in dedicated leadership of Finance, Operations and Human Resources;
- Strengthen our enterprise risk management architecture including protection of our information and intellectual property;
- Mandate regular compliance training so that our organisation meets best practice standards in this important area; and
- Re-evaluate our near term geographic and sector focus given our assessment of macroeconomic risks, especially for the Asia Pacific region.

I am pleased to report that all of the above have been completed or exceeded as at 30 June 2015.

However before going into further specifics, I thought I would take the opportunity (for the benefit of newer shareholders in AWN) to provide some background and articulate clearly some of the key elements of our modus operandi.

Background

AWN is an unconventional company in that we are a diversified investment holding group or in other words an investment conglomerate (which in certain investment circles is considered unfashionable). The rationale for AWN being an investment conglomerate is as follows:

- There are successful conglomerates that have withstood the test of time, the most well-known of course being Berkshire Hathaway (NYSE). Other successful models that we have studied over many years include Onex Corporation (TSE), Teledyne Corporation (formerly NYSE), Melrose PLC (LSE), Leucedia National Corporation (NYSE), First Pacific Company Limited (HKSE) and closer to home we have the likes of Wesfarmers (ASX) and Washington Soul Pattinson (ASX). All of the international conglomerates mentioned have each delivered compound returns in excess of 20% per annum over more than 20 years of history, outperforming the majority of single industry companies;
- We consider that it is therefore not the structure of a conglomerate itself that made the model unfashionable but how some conglomerates were managed in the past (especially those that were around in the 1980s that took on too much debt and engaged in profligate spending and indiscriminate mergers and acquisitions activity);
- Our view is that well run conglomerates have a significant flexibility advantage in that they are able to reshape their business mix and not be wedded to any one industry as they can seek to divest or add a new division as appropriate. For example, as a single purpose listed printing business 15 years ago, you were hard pressed as a board to make a strategic decision to fully divest of the printing business and put yourself out of a job, but as a conglomerate with a printing business you could far more easily decide on and execute such a divestiture;

- Conglomerates also have another advantage in that they are able to cross fertilise management tools and techniques across industries and companies. We seek to do this regularly at Arowana – asking questions when we are relative outsiders for a particular industry as to why things are done a certain way and why it cannot be done another way that we have seen work successfully in a different industry. For example, we helped bring the sophistication of the archetypal sales architecture from the software industry (where we invested successfully) into our non- software companies; and
- An investment conglomerate structure of course enables diversification across sectors, companies and trends. We believe diversification is even more important in today's world given the half-life of products and industries is significantly shorter than it used to be thanks to the disruptive power of technology, globalisation and the democratisation of information through the internet. The (academic) argument that is often posed is that the investor can achieve diversification more cost effectively through holding a basket of different stocks and achieve better returns as a result. Practically we don't agree with this; case in point – does the typical investor have the ability, experience and tools to assess whether a company's management team is suited to running the next phase of growth of a company? We don't think this is the case and we believe that the well run conglomerate actually delivers diversification efficacy in a more cost effective manner than most investors can.

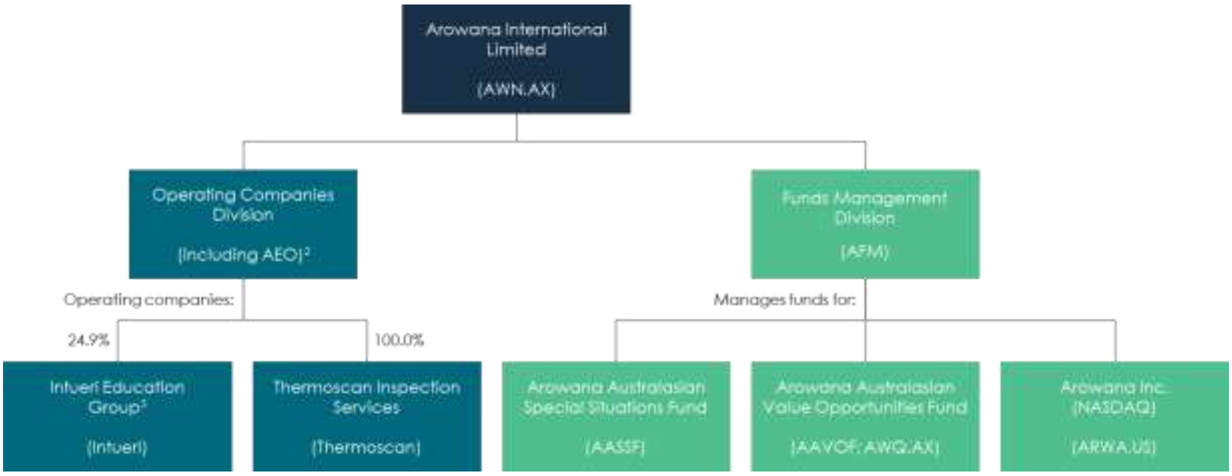
We are often mistakenly called a listed private equity (PE) group or a listed investment company (LIC). We are neither. We elaborate on this and other key points below.

Modus Operandi	Comments
AWN is not a listed investment company (LIC)	We acquire and operate companies in a dynamic "hands on" manner through our Operating Companies division. However AWN also has a Funds Management division that is the fund manager for a separately listed LIC, AAVOF, which invests in listed equities.
AWN is not a private equity (PE) fund	We are a listed public company and therefore by definition we are not private equity nor are we a fund. Furthermore, unlike a PE fund, AWN has permanent capital and does not have a mandate that requires it to sell any of its companies before the fund life ends.
AWN's core business is building enterprises in an entrepreneurial manner	Our purpose is to grow people, grow enterprises and grow value. We are not in the business of buying and selling companies as we can hold any company in our group in perpetuity if we wish to, provided the returns justify such a holding period.
AWN's approach is a blend of entrepreneurial investing and operating	We are not just investors but also operators that build companies with an entrepreneurial ethos (combining strong work ethic, persistence, a hands on approach, high equity ownership levels and a skew to rewards primarily based on performance and outcomes).
AWN does operate with private equity (PE) style tempo	Whilst we are not a PE fund, we do operate with the urgency, pace, intensity, incentivisation and productivity that typifies private equity. However we differ with regards to debt tolerance levels and generally prefer to be more conservative and keep total debt/EBITA below 2x.

Modus Operandi	Comments
AWN seeks to be diversified but eschews a portfolio mindset	A key reason for our investment conglomerate model is that we wish to be diversified and ultimately not be over exposed to any one sector, company, currency or country. However, we eschew the portfolio mindset with regards to our operating companies and we instead adopt a fleet management mindset i.e. we do not want any of our planes to go down. This manifests in us being very discerning when it comes to what we invest in upfront and we fight hard to keep a business tracking well once we have made a commitment and invested.
AWN has a long term investment horizon	We believe that outsized returns are more achievable by having a long term mindset. AWN's investment horizon is at least 10 years, although we of course will remain agile and adapt to a dynamic business environment. From an execution perspective, we chunk this down into 3-5 year intervals and then into quarterly intervals.
AWN will not yield to short term stock market pressures	We will always make decisions that aim to create long term shareholder value, even if they impact adversely on our share price in the short term. This again reflects the mindset and approach of successful entrepreneurs and investors.
AWN is highly focused on ROIC and ROIT	Capital and time are precious commodities that if not invested wisely – in the former, is hard to recoup and in the latter, is lost forever. As a result, key metrics that guide our investment decisions are ROIC (return on invested capital) and return on invested time (ROIT).
AWN thinks independently and with creativity	It is near impossible to make outsized returns thinking and investing like everyone else does. We place a huge emphasis on developing and then executing on investment ideas that are original, based on forensic research and due diligence, where we see an angle or an executable opportunity where others do not. It is worthwhile to note that almost every single investment that the broader Arowana & Co. group has made involved going against the initial 'conventional wisdom'.
AWN practices forensic research and due diligence	We believe that the purest form of information is sourced first hand and in a forensic manner – from immersing ourselves in an industry ecosystem, from engaging with experienced professionals and entrepreneurs in a sector and triangulating our knowledge through such first-hand sources and findings from desktop and data analytics as well as third party research. We do not rely solely on outsourced research and due diligence by third party consultants.
AWN benchmarks itself against world's best practice	We seek to deliver investment returns that are in the global top quartile for our shareholders over the long term whilst minimising risk. To achieve this, we realise that we need to have the work ethic, productivity, technological adoption, macroeconomic perspectives, research tools, talent development, incentivisation and remuneration models that are globally competitive.

Corporate Structure

As at 30 June 2015, the corporate structure of AWN was as follows:



Operating Companies Division

During the year ended 30 June 2015, our Operating Companies Division comprised interests in three sectors:

Diagnostic Testing

Thermoscan Inspection Services Pty Ltd ("**Thermoscan**"), is a wholly owned subsidiary of AWN.

Thermoscan is a thermal imaging and preventative maintenance service provider that specialises in the delivery of accurate thermography scans and reports to its customers. It has nationwide operations across Australia. More information on Thermoscan can be found at www.thermoscan.com.au.

Education

AWN has a residual 24.9% shareholding in Intueri Education Group Limited ("**Intue**ri"), which was floated on the Australian and New Zealand stock exchanges in May 2014.

Intueri is a New Zealand headquartered group of private training establishments delivering vocational education to students in New Zealand, Australia and from around the world. More information on Intueri can be found at www.intueri.com.au.

AWN does not have control of Intueri nor strategic or operational influence in relation to operations and our holding in Intueri strictly should not sit within the Operating Companies division. However, given our history of having built Intueri from a small single college in 2010 and our desire to assist the Intueri board and management where we can (taking into account the nuances of New Zealand corporate governance restrictions), we have included Intueri within the Operating Companies division.

Training and Events

HRM Asia Pte Ltd ("**HRM Asia**") was a wholly owned subsidiary, headquartered in Singapore. HRM Asia is the leading web portal, publications house and training and events producer for HR professionals and key corporate decision-makers across Asia. Amongst other programmes, it produces and hosts HR Summit in Singapore each year, the leading HR conference in Asia.

HRM Asia was sold in November 2014 to Diversified Communications, a leading international media company that has a portfolio of over 175 events, e-media products and publications globally. As a consequence of this and our shift in focus to other industry sectors, we had no further exposure to the Training and Events sector as at 30 June 2015.

Funds Management Division

The Funds Management division was established in July 2014. As at 30 June 2015, this division managed the following pools of capital:

Fund/Entity Name	Fund/Entity Type	A$m
Arowana Australasian Value Opportunities Fund	LIC (ASX)	48.11
Arowana Australasian Special Situations Fund	Unlisted Fund	27.75
Arowana Inc.	SPAC (NASDAQ)	110.47

AAVOF

AAVOF was listed on the ASX in January 2015, after successfully raising $48.1m. It is an absolute return investment fund that applies a fundamental value investment philosophy to listed securities in Australia and New Zealand. More information can be found at www.aavof.com.

AASSF

The AASSF was launched in July 2014 with $25m seed capital from AWN. It is focussed on providing structured capital to SMEs in Australia, NZ and SE Asia that are unable to tap conventional funding sources (often due to timing issues or due to the reluctance of traditional funding sources including banks to provide capital). The AASSF will invest in companies where we perceive industry and/or business tailwind drivers and where we expect there is a minimum potential IRR of 20%+ and a target annual yield of 8%+. Investments will be structured to capture the best features of both debt and equity (e.g. convertible notes with full voting rights, pre IPO shares with free warrants and downside protection etc.). It will be able to leverage off the broader Arowana & Co. ecosystem in terms of sourcing proprietary deals, undertaking forensic due diligence and creative structuring of investments. The AASSF is also a qualifying SIV (special investor visa) fund.

Arowana Inc. ("**ARWA**")

Arowana Inc. was listed on NASDAQ in May 2015, following a successful roadshow campaign in the US which saw the offer upsized from US$60m to a final total raising of US$82.8m. This vehicle has been formed to invest in renewable energy (especially solar) development opportunities across Australia, Asia and the Americas.

Organisational Structure

Executive Leadership

The executive leadership and stewardship team of AWN comprises of myself as Chief Executive Officer (CEO), Conor Byrne, who is our Chief Financial and Operating Officer (CFOO) and Gary Hui, who is our Chief Investment Officer (CIO).

This leadership triumvirate is the spine of the AWN team. I am pleased to report that this combination is the most experienced leadership team we have ever had since our formation. Whilst Gary and Conor only joined AWN in November 2014 and February 2015 respectively, we have gelled seamlessly due to commonality of core values and philosophies as well as the fact we each individually have more than 20 years of relevant experience. I have known Gary for 20 years, having worked and invested together for many of those years. He has added strong investment pedigree and has bolstered our analytical rigour and creativity. Conor is a rare operative in that he has experience as both a CFO as well as a COO and has fulfilled a CFOO role successfully in the investment sector. He has, in a short space of time made a very positive impact on our finance, administration, human resources and operations functions. All of us have worked and lived overseas as well so have an international frame of reference.

The executive leadership team has an average 28 years of commercial and investment experience, with a cumulative total in excess of 83 years. By way of comparison, the 3 most senior full time executives at AWN as at 30 June 2014 (including myself) had an average of 14 years of commercial and investment experience, with a cumulative 42 years of experience. Importantly, the current executive leadership team possesses an average of 21 years of investment sector experience. This compares to an average of 13 years for the 3 most senior full time executives as at 30 June 2014. We are subscribers to the perspective held by many of the world's leading investors that it is essential to have more than 10 years of investment experience, ideally across different business and market cycles before you can really even be considered to be an investor. Between Conor, Gary and myself, we have lived, worked and invested through key bull and bear markets in financial markets history, since the late 1980s. That said, we are conscious that we have years of experience still to attain and we are full of admiration and respect for investors and entrepreneurs that have accumulated up to half a century if not more of investment experience and are able to point to track records of outperformance that have withstood the test of time. Success for us will be measured at least 20 years from now, as to whether we can look back and still point to a track record of outperformance.

Investment and Operations Team

As with the Executive Leadership team, we have beefed up the investment and operations team over the past 12 months, adding investment and operating experience and maturity to our ranks. As at the date of this report, we have 4 investment directors, 1 operations director (with another to join shortly) supported by a team of executives and analysts.

Due to natural attrition, our net headcount for this team has however only increased by 5 since 30 June 2014. What has been pleasing is that our concerted efforts to improve the efficacy of our hiring process (which needed strengthening due to underinvestment in human resources capabilities in the past) appear to have paid off, with the addition of top quartile performers from organisations like Goldman Sachs, PWC Corporate Finance, Catalyst, Bregal Capital and Wesfarmers amongst others.

As a consequence, total years of investment and operations experience in our team has increased to 200 years as at the date of this report, from 150 years average years as at 30 June 2014.

Board of Directors

As at the date of this report, the board comprises John Moore AO and Rob McKelvey as independent directors and myself as executive chairman. We are in the process of recruiting at least one if not two new independent directors to join the board. We hope to complete this by the Annual General Meeting in November 2015. The recruitment criteria are stringent and the successful candidates, must have amongst other attributes, a track record of success as an entrepreneur, an international mindset and experience, contemporary ideas and experiences, the ability to work effectively with an entrepreneurial investment group and the desire to invest at least 5 times his or her annual board fee in AWN shares (over a 3 year period. The last requirement is in keeping with our culture of ownership and alignment of interests and is in line with international best practice (for example, Onex Corporation has a similar requirement). Skin in the game is the ultimate motivator.

The Audit and Remuneration Committee comprises of Rob McKelvey, John Moore AO and Conor Byrne. As Executive Chairman, I have no involvement on the Audit and Remuneration Committee.

Advisory Board

We are privileged to have a first class advisory board comprising of Verne Harnish, Dr. Simon Ogus, Dudley Hoskin, Dirk Rossey and Kent Kwan. I am pleased to welcome Verne Harnish, Dudley Hoskin and Kent Kwan to our advisory board this year.

Verne is the founder of the world-renowned Entrepreneurs' Organization (EO) and chaired EO's premiere CEO program, the "Birthing of Giants" and WEO's "Advanced Business" executive program both held at MIT. He is also founder and CEO of Gazelles, a global executive education and coaching company with over 150 coaching partners on six continents. Verne has spent the past three decades helping companies scale-up. He is also the "Growth Guy" syndicated columnist as well as the Venture columnist for FORTUNE magazine and author of the best-selling books, Scaling Up and Rockefeller Habits.

Dudley Hoskins is a Portfolio Manager with Tudor Investment Corporation, one of the world's pre-eminent global investment firms headquartered in Greenwich, Connecticut. He previously served as a Managing Director with Goldman Sachs in Australia, and from 2000 to 2002 was based in Hong Kong with the same firm. He is also a non-executive director of Arowana Inc.

Kent was formerly an executive with AWN up to December 2014 but decided to take a step back to start his own online funds management business. I am pleased that Kent remains involved with Arowana, acting as a non-executive director of AAVOF and Arowana Inc.

Group Financial Performance Review

As long term investors and company builders and operators, we know that the performance of businesses "in real life" very rarely plots a constant upward linear trajectory year in year out for extended periods of time. Furthermore, we know that it on average takes 3 to 5 years for a business that has been newly acquired to fully realise the impact of Arowana's Value Accretive Initiatives ("AVAIs"). In fact, often in the first year post acquisition, we may implement AVAIs that cause EBIT to drop initially, but pay off significantly over a 3 to 5 year timeframe. In other words, from our experience, value creation and growth builds up in a non-linear cumulative manner, especially when you are engineering change that will transform the future growth trajectory and cash generation potential of an enterprise. Intueri is a case in point where it took 4 years for the group to benefit from the cumulative net impact of all the AVAIs executed over several years. That said, we also appreciate the dichotomy that exists between this "real life" dynamic described above and the desires of financial markets to see a more "utopian" year on year linear growth. As stated previously, we do not bow to demands to appease the stockmarket's short term requirements and will be steadfast in our long term mindset and approach to building shareholder value.

Given the above context, we prefer to present our financial results for the past 12 months but also for the prior 5 financial years (where available) in order to provide a more comprehensive perspective of performance. It is how we do due diligence on a business or analyse a potential investment and we would expect the same analytical rigour to be applied to us.

Group Profit and Loss

For the year ended 30 June 2015, AWN delivered consolidated revenue, interest and other income from continuing operations of $6.1m, a statutory loss before interest and tax (EBIT) of $(16.1)m and a statutory net loss after tax (NPAT) attributable to equity holders of $(6.4)m. This result primarily reflects the provision of $17.4m made for impairment on the equity accounted investment in Intueri to bring it to the market share price at 30 June 2015, offset by the profitable sale of HRM Asia that crystallised a net profit after tax of $3.9m. In addition, Thermoscan delivered a record EBIT result, despite a weak sales and operating environment whilst the funds management division delivered a small EBIT loss that was better than budget in its first year of operations.

The table below outlines the key profit and loss figures for FY2015 and previous years:

Key profit and loss figures - AWN	FY2013 (Restated) $	FY2014 $	FY2015 $
Statutory			
Revenue	768,375	2,786,877	3,090,000
EBITDA (Non-IFRS)	745,148	108,538,138	(15,929,212)
EBIT (Non-IFRS)	708,943	108,397,988	(16,087,362)
NPAT	871,848	109,512,065	(6,404,298)
Underlying (Non-IFRS)			
Revenue	768,375	2,786,877	3,290,625
EBITDA	(84,932)	(3,386,091)	(2,831,685)
EBIT	(121,137)	(3,526,241)	(2,989,835)
NPAT	3,546	(2,119,592)	(166,186)

Note:

- References to "Underlying" information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review
- Underlying figures are adjusted for non-recurring items. Underlying revenue excludes discontinued operations for all years
- Statutory revenue and NPAT numbers for 2013 and 2014 have been restated to eliminate the impact of businesses subsequently disposed of (Intueri and HRM Asia) and thus render the numbers comparable to the continuing operations of 2015

Group Balance Sheet

- As at 30 June 2015, AWN had a net cash balance of $53.9m
- Net tangible asset (NTA) has decreased from FY2014 to FY2015 as has book value per share
- As a result of the buybacks completed in July 2014 and October 2014, the number of shares on issue has reduced by 3.1% to 158.2m

The table below outlines the key balance sheet figures for FY2015 and previous years:

Key Balance Sheet figures - AWN	FY2013 $	FY2014 $	FY2015 $
Statutory			
Cash and cash equivalents	20,610,541	97,077,244	54,061,080
Short Term Debt	(2,117,491)	(112,004)	(58,744)
Long Term Debt	(15,921,466)	(135,172)	(76,429)
Net Cash/(Net Debt)	**2,571,584**	**96,830,068**	**53,925,907**
Total Assets	82,167,634	162,870,558	132,163,038
Total Liabilities	(40,105,472)	(21,141,803)	(1,367,829)
Net Assets	**42,062,162**	**141,728,755**	**130,795,209**
Net Tangible Assets	5,329,743	134,013,695	121,408,224
Book Value per Share	0.0327	0.8214	0.7676
Shares on Issue	163,159,830	163,159,830	158,170,799

Group Cashflow

For the year ended 30 June 2015, AWN decreased its net cash position

The table below outlines the key group cashflow figures for FY2015 and previous years:

Key Cashflow items - AWN	FY2013 $	FY2014 $	FY2015 $
Statutory			
Cash flows from operating activities	903,973	(12,809,063)	(19,641,236)
Cash flows from investing activities	14,350,137	98,827,888	(16,371,043)
Cash flows from financing activities	5,000,111	(9,824,771)	(6,482,118)
Net cash inflow/(outflow)	**20,254,221**	**76,194,054**	**(42,494,397)**

Operational Performance Review - Operating Companies

Diagnostic Testing

The management team at Thermoscan delivered an excellent result for FY2015 despite difficult trading conditions, with underlying EBIT up 27.7% on the previous year, achieved despite little change in revenue. We reported at the half year mark that Thermoscan had delivered 15% underlying EBIT growth on declining revenues and did not expect further material improvement at the underlying EBIT line. So to deliver the final result achieved is a testament to the efforts of Kelly Miller, who we promoted from within the ranks to be General Manager of Thermoscan during the year. With support and guidance from Chris Rolls, our Operations Director who oversees Thermoscan, Kelly has embraced Rockefeller Habits and implemented various Arowana Value Accretive Initiatives (AVAIs) and delivered a result that is a case study of how to excel in a tough operating environment.

In summary, it has been a very strong year for Thermoscan.

Key profit or loss items - Thermoscan	FY2013 $	FY2014 $	FY2015 $
Statutory			
Revenue	768,375	2,786,877	2,799,021
EBITDA	318,912	643,639	804,211
EBIT	286,901	521,651	674,515
NPAT	263,351	407,648	624,425
Underlying (Non-IFRS)			
Revenue	768,587	2,786,877	2,799,021
EBITDA	988,759	660,326	840,636
EBIT	956,748	538,338	710,940
NPAT	665,981	364,706	491,271

Note:

- References to "Underlying" information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.
- Underlying figures are adjusted for non-recurring items

Education

Our main education investment, Intueri had a strong start to its life as an independently listed company. From an IPO price of NZ$2.35, it peaked at a share price of NZ$3.30, before a sharp decline in the fortunes and share price of an ASX listed peer led to a contagion effect across the whole education sector. Intueri subsequently delivered an EBIT result that fell short of prospectus forecasts for the full year ended 31 December 2014 which further impacted an already nervous market and Intueri's share price.

AWN equity accounts for its 24.9% shareholding in Intueri and received a dividend of NZ$1.92m during the FY2015 year. We have a representative on the board of Intueri however we do not have control, by virtue of the current composition of the Intueri board nor do we have strategic or operational influence of Intueri. Where possible, AWN remains willing and able to assist the Intueri board and management team given our deep knowledge and experience in the sector. That said, AWN is mindful of the strict corporate governance regime and protocols that Intueri have implemented, whereby AWN's board representative does not share confidential information from the Intueri board meetings with any other member of the AWN team, including the executive leadership team. We, like other shareholders, are obviously disappointed with Intueri's performance to date. This however has not changed our view on the fundamentals of the vocational education sector in New Zealand and the online education sector in Australia. The business fundamentals and the tailwind drivers for our investment in Intueri remain intact and more than compensate for regulatory volatility and risk, especially now that valuation multiples across the sector have compressed. Furthermore, our shareholding remains in escrow until 31 December 2015 although we have no intention of selling given current valuation levels.

On a separate front, our iCarnegie venture which we announced in October 2014 to much anticipation with regards to its potential has not had the traction we expected it would. This venture has cost AWN less than A$150,000 and we are considering our strategic options in relation to this venture.

In summary, it has been a subpar year for our education interests.

Training and Events

The sale of HRM Asia crystallised a net profit before tax of $3.9m for a consideration of $8.8m. In terms of return on investment, it delivered a gross cash on cash multiple of 2.1x which is a strong outcome for AWN shareholders.

We had rebuffed previous incomplete proposals to acquire the business as we felt we could improve and grow the business more and did not feel entirely comfortable with the intentions of these suitors. This time however we felt that we had done all we could with HRM Asia and were confident that Diversified Communications was the right home for HRM Asia and its team, given their intentions to keep the management team and use it as a platform to grow further in Asia. We are delighted to see that HRM Asia has since launched in the Malaysian market and are proud to have been involved with its development and growth over the past 6 years (it was held by another Arowana vehicle prior to it becoming a subsidiary of AWN as part of AWN's IPO in April 2013).

Funds Management

When we launched Arowana Funds Management (AFM) in July 2014, we set a goal to achieve in excess of A$100m of funds under management (FUM). We are pleased to have achieved this goal ahead of schedule, ending the fiscal year with A$186.3m of FUM. This was achieved through the formation of the following vehicles that pay management and performance fees to AFM:

- the unlisted Arowana Australasian Special Situations Fund (AASSF), launched in August 2014; and
- Arowana Australasian Value Opportunities Fund Limited (AAVOF), a listed investment company (LIC) which raised $48.1m and first quoted on the ASX in January 2015; and
- Arowana Inc., a special purpose acquisition company (SPAC) that listed on NASDAQ in May 2015 raising US$82.8m (upsized from an initial US$60m).

AASSF

Since its formation, the manager of the AASSF has been focussed on:

- Establishing robust systems and processes;
- Preparing fund raising documentation;
- Sourcing and executing on investment opportunities;
- Forming a dedicated fund raising team including capital distribution specialists;
- Promoting the fund to the SIV (special investor visa) market as a qualifying fund; and
- Promoting the fund family office investors that have a long term investment horizon.

AAVOF

Since its formation, the manager of AAVOF has been focussed on:

- Recruitment and training of a dedicated research analyst;
- Identifying investment opportunities and conducting company visits;
- Establishing robust systems and processes;
- Establishing strong custodial, broking and research platforms;
- Introducing Rockefeller Habits methodology to drive execution tempo and rhythm; and
- Formulating an investor relations strategy and schedule.

ARWA

ARWA currently pays a fixed management fee to AFM, which will be renegotiated at the time of an initial business combination (IBC) (by 31 October 2016) to reflect commercial terms at such time.

Profit and Loss Results

FY2015 represented the first year of operations for the AFM division. Given it was not a full year and also given the fact that the AASSF fund itself was consolidated (because AWN was still the major limited partner with its $25m seed investment), the results are not meaningful as yet. However, we are pleased that the AFM division is tracking ahead of the financial budget that was set.

Key profit or loss figures – Funds Management Division	FY2013 $	FY2014 $	FY2015 $
Statutory			
Revenue	-	-	239,592
EBITDA	-	-	(702,620)
EBIT	-	-	(702,620)
NPAT	-	-	206,165
Underlying			
Revenue	-	-	239,592
EBITDA	-	-	(308,644)
EBIT	-	-	(308,644)
NPAT	-	-	587,614

Note:

- References to "Underlying" information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011 Non-IFRS financial information has not been subject to audit or review.
- Underlying figures are adjusted for non-recurring items

Enterprise Office

The enterprise office comprises of our investment and operational professionals as well as middle office and back office team members. The enterprise office is the nucleus of AWN and is responsible not just for sourcing and buying of investments and where appropriate the sale of investments, but also is responsible for providing outsourced operational management and support services to investee companies, where needed.

Some of the key issues we have been focussed on in the Enterprise Office over the last 12 months are discussed below.

"False Economy" Cost Management

Over the course of the last 12 months, we have engineered significant changes to the team as noted in the Organisational Structure section, adding more experience and maturity in the process. Despite increasing net headcount, we were able to manage our enterprise office cost base and keep it below budget.

Following an operational review with Conor and Gary, I realise now that we (or rather I!) have made past mistakes in cost management, falling for the "false economy" trap. For example, senior team members were expected to multi-task and wear more than one hat (I was wearing the CEO, CFO and COO hats concurrently for significant periods). Whilst this and in some cases the promotion of staff beyond their experience/expertise levels at the time, has helped us keep our enterprise cost base below budget it has also resulted in significant opportunity costs being incurred (including for example, a significant reduction in our potential acquisition pipeline, for which responsibility had been delegated at the start of FY2015). Furthermore, it is no longer appropriate, given AWN's increased span of activities and our growth targets, to operate on such thin resources. "False economy" cost management also results in higher operating risk and we have now moved to a value based cost management which takes into account not just hard dollars and cents, but the qualitative dimensions as well.

Human Resources

The human resources (HR) function is an area in which we have underinvested for several years, especially from a leadership standpoint. Since our IPO, we have had only one dedicated specialist team member reporting to me given I ran the HR function (albeit effectively part time when I could amongst my other duties as CEO). The HR function provides services and support for not just the AWN Enterprise office but has also aided our investee companies, including Intueri, Thermoscan and HRM Asia. Its breadth of activities encompass recruitment, onboarding, performance management, remuneration and compliance (including OH&S).

The lack of earlier investment in HR has manifested in previous recruitment errors, internal promotions in some cases leading to "title inflation", and a gap in relation to individual KPIs and how they linked to organisational KPIs. That said, the HR team has covered a lot of ground in the past 12 months and achieved a key priority in the past 6 months, which was to complete the Arowana "HR HEXAGON" ™ toolkit. The Arowana HR HEXAGON™ toolkit encompasses templates, forms, checklists and guidance notes that enables AWN to rapidly roll out an 'end to end' HR architecture for a newly acquired investee company in a cost and time efficient manner. The HR team also significantly improved recruitment practices over the 2nd half of FY2015 largely through implementing the performance based hiring methodology (as created by Lou Adler) where we focus heavily now on identifying and recruiting only top quartile performers at other organisations, rather than purely look at whether they have the skills and experience for a role.

Having had the opportunity in the past year to visit a number of world class high growth organisations overseas, my strong view is that HR management is equally as important as capital management and financial management and we need to be excellent at it too in order to build an enduring franchise. In this regard, Conor as CFOO has taken over the leadership of HR with effect from 1 July 2015 and we have also recruited a highly experienced senior HR resource with a strong track record. A sub-committee of Conor, Rob McKelvey (who amongst other things is a certified master coach), Dirk Rossey (our resident learning and development expert) and myself are working on the next generation of our HR strategy, drawing upon elite sports coaching methodologies as well as cutting edge practices gleaned from visits to companies overseas.

Remuneration Model

We have made a number of tweaks to our remuneration model over the past 12 months. AWN's remuneration model is designed to:

(a) replicate the risk reward payoff profile for an entrepreneur - who will typically pay themselves a lower base salary, no annual bonuses (unless the business has done exceedingly well) but have outsized performance based upside. Most senior members of our team are therefore on salaries that are lower than what they could earn elsewhere – they are effectively taking *ex ante* risk (sacrificing the security of constant base salary) in the hope of an *ex post* reward (in the form of uncertain outsized performance based carry payments). We have introduced more regular global benchmarking of our salaries;

(b) promote a long term business builder mindset for our senior team members – by eliminating the "annual bonus expectation" mentality in favour of the mentality of an 'investor in the business' with a longer term view and reward horizon; and

(c) foster shareholder alignment and an investor mindset – by encouraging senior members of the team to own a minimum of $1m of AWN shares each (they are given 5 years to accumulate such a position) and to retain, in the form of AWN shares, at least 20% of any LTVCP (long term value creation plan) carry benefits realised. The former is a new position formalised in May 2015 and the latter was sanctioned at our AGM in November 2014.

For the year ahead, I hope that others will follow my example by committing to retaining at least 25% of any future LTVCP carry payment in AWN shares, which is higher than the recommended 20%. This is similar to the Onex Corporation ("Onex") model where staff are required to similarly invest a minimum of their performance based payments in Onex shares (and where the largest shareholder cohort is staff). This has paid off handsomely for staff and shareholders of Onex over 30 years and counting.

Finance and Administration

We have historically underinvested in this function, primarily at a leadership level too. In the past we have used part time contractors (up to CFO level) and/or prematurely delegated internally. I have been playing a dual role as CEO and CFO of AWN for most of its life as a listed company. Again while saving on costs, this is not sustainable nor is it ideal from a risk management and corporate governance perspective. So I am pleased that Conor has taken on the CFO role seamlessly and in the process has liberated a lot of time for me in my role as chairman and CEO to do what I should be doing, including driving strategy and execution.

As with HR, a key initiative that we are working on is to finalise an Arowana "FINANCE HEXAGON" ™ toolkit. The Arowana "FINANCE HEXAGON" ™ toolkit will comprise of templates, forms, checklists and guidance notes that enables AWN to rapidly roll out an 'end to end' Finance and Accounting architecture for a newly acquired investee company in a cost and time efficient manner.

Risk Management and Compliance Training

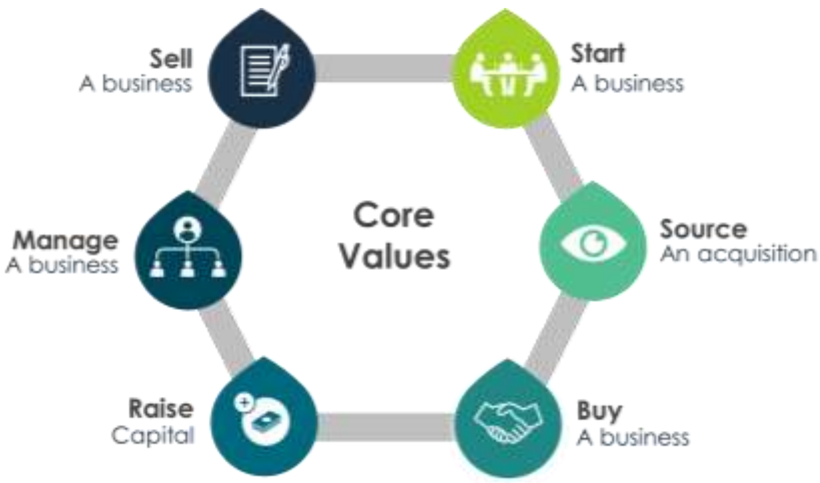
Since taking on the chairmanship, I have prioritised the improvement of our enterprise risk management framework and programme. The key enterprise risks for AWN pertain to investment management, financial management, growth management, people management, governance management and IIP (information and intellectual property) management. Our key strength has been managing investment risk given our patient and forensic approach to investing and our strong focus on ROIC (our key capital management yardstick). On financial risk, governance risk and growth management risk, we have been solid but there is room for improvement. Where we need to focus is on people risk and IIP risk management.

A core focus of the Board has been to bring our Compliance framework up to best practice standards. To that end, numerous policies and procedures have been introduced over the last year to better position us for truly enduring growth. As the saying goes, reputation takes a lifetime to build and often only a moment to destroy. Warren Buffett has stated many times that "we will not trade reputation for money" and this is a view we readily embrace.

Compliance in its simplest form means "adherence to the law". We view this as a bare minimum. Best practice goes beyond this and seeks to avoid reputational risk. Needless to say we believe Compliance architecture brings us closer to this idea; however we must always remain vigilant to franchise risk.

Arowana University (AU)
We officially launched Arowana University, our internal training institute in January 2015. Our learning and development expert and Advisory Board member, Dirk Rossey has led this effort in conjunction with myself.

This is an important strategic initiative inspired by the likes of GE and Apple (Steve Jobs's single most important priority before his passing was to launch Apple University). Arowana University's curriculum covers the following elements of the Arowana value chain:



Arowana University provides a platform for us to:
(a) Onboard and integrate new team members quickly ;
(b) Facilitate seamless and rapid execution across our value chain;
(c) Capture and codify real life case studies (incorporating lessons learned);
(d) Incorporate best of breed external teaching programmes; and
(e) Ensure continuous learning and development for our people.
We will continue to add to and improve the Arowana University curriculum and invest further time, resources and budget into its continued development.

Acquisitions
We are currently in advanced due diligence on a number of potential acquisition opportunities in the health focussed food and beverage, education, B2C testing, debt collections and solar energy sectors.

At present, we are not seeing signs of any uptick in valuation expectations in the private SME market across Australia and New Zealand, despite the lower interest rate environment.

I mentioned in our February half year presentation that our pipeline of acquisition opportunities had increased significantly since the beginning of CY2015 with over $50m aggregate EBIT of potential deals across multiple sectors. This has increased further to in excess of $100m aggregate EBIT of potential acquisitions as at 30 June 2015. This is a dramatic improvement on less than $10m EBIT of qualified acquisition opportunities at the turn of CY2015 and primarily reflects the improvements we have made in our resourcing of experienced executives. This in turn has freed me to focus more on investment sourcing again, with support from the investment team. Last calendar year this important function was delegated, to enable me to focus on building up our funds management arm and pursue our international expansion opportunities. Having a large qualified pipeline is of vital importance as it enables us to walk away from deals with far greater ease and also helps the team learn what meets our stringent requirements and what does not…so it is pleasing to be able to focus the right investment experienced resources on this again.

Since April, we have become more cautious on the economic environment for Asia and Australia and as a consequence we have increased our vigilance with regards to potential acquisitions and are increasing our forensic due diligence scope where appropriate. If anything, developments in China and capital outflows across Asia in the past two months have elevated our concerns of a 1997 or 1998 scenario playing out. To quote Henry Kravis of KKR "any fool can buy a company" …essentially by overpaying. We are exercising heightened investment discipline not just because of our economic perspective but also because we are well aware that the most dangerous time to be an investor is when you have surplus cash.

Dividends and Capital Management

AWN declared and paid a 2 cent partially franked dividend for the half year period that was paid in March 2015. Given the value accretive investment opportunities we see ahead of us, the Board has resolved to declare an unfranked 1 cent dividend for the full year, which is expected to be paid by 15 September 2015.

AWN's dividend and capital management record is set out in the table below:

	FY2013	FY2014	FY2015
Half year dividend	-	0.024	0.02
Full year dividend	0.0085	-	0.01
Special dividend	-	0.020	-
Total dividend	0.0085	0.044	0.03
Share buyback *	-	-	0.91

* Under the company's share buyback plan a total of 4,953,031 shares was repurchased in July and October 2014 at an average price of 90.07 cents per share

Future Strategy and Execution

The AWN team will continue to focus on its strategic objective of investing in and operating businesses across a targeted range of industries that provide a high return on invested capital ("ROIC"). In addition, we also assess opportunities through the lens of return on invested time ("ROIT"), meaning investing and operating decisions that maximise returns on time spent. As always, the AWN team will continue to apply its disciplined forensic approach in assessing acquisition opportunities and will continue to apply a long term mindset in all investment and operational activities. We eschew putting a deadline on investing our capital as that simply put is dangerous investing behaviour.

We like this quote, courtesy of Morris Chang (founder of the Taiwan SemiConductor Company, advisory board member at MIT, Stanford, UCLA and NYSE and advisor to the Office of the President of the Republic of China):

"Execution without strategy is aimless. Strategy without execution is meaningless"

Strategy describes intention, while execution fulfils intention. At AWN, we never focus on strategy alone, but on both strategy and execution. The key execution priorities I have set for AWN for FY2016 are as follows:

- Allocate our capital patiently and creatively for the Operating Companies arm;
- Manage our Operating Companies portfolio to deliver aggregate EBIT CAGR of 10-20%;
- Grow our pipeline of qualification acquisition opportunities to over $200m aggregate EBIT;
- Build up our rolodex of potential investee company leaders (at CEO, CFO, COO, GM levels etc.);
- Expand our network of potential fund investors both domestically and internationally; and
- Increase AFM's FUM to minimum A$200m (excluding internally seeded capital).

Last but not least, thank you for your investment in AWN and the faith you have placed in us as a team. We look forward to continuing to kick investment goals for you over the long term!

Yours sincerely

Kevin Chin
Executive Chairman and Chief Executive Officer

Corporate Governance Statement

For the year ended 30 June 2015

Arowana International Limited (the "Company" or "AWN") and its controlled entities (together "Group") is committed to operating effectively and in the best interests of shareholders. The Group had in place appropriate corporate governance policies and practices for the financial year ended 30 June 2015 and has adopted a Corporate Governance Statement which reports against the ASX Corporate Governance Council's Principles and Recommendations and this can be accessed at:

http://arowanainternational.com/wp-content/uploads/2015/08/AWN-Corp-Gov-Stmt-2015.pdf

Your Directors present their report on Arowana International Limited ("the Company", or "AWN") and its controlled entities (or the "Group") for the financial year ended 30 June 2015.

These financial statements are for the year ended 30 June 2015.

1. DIRECTORS

The names of directors in office at any time during or since the financial year-end are:

Name, qualification and independence status	Experience, qualification, special responsibilities and other directorships
Mr David Malcolm Keefe Former Chairman Independent Non-Executive Director Resigned February 2015	Malcolm was a Director and Chairman of the Company since November 2011 during which time he also served as Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Committee. Malcolm resigned in February 2015.
Mr Kevin Tser Fah Chin Chairman and Chief Executive Officer	Kevin is the founder of Arowana & Co., Arowana Partners Group and co-founder of Arowana Capital and was responsible for the recapitalisation of AWN in 2013. Kevin has extensive experience in "hands on" strategic and operational management, private equity, leveraged buyouts of public companies, mergers and acquisitions and capital raisings. Kevin holds a Bachelor of Commerce degree from the University of New South Wales where he was one of the University Co-Op Scholars with the School of Banking and Finance. Kevin is a Fellow of FINSIA (Financial Services Institute of Australia) where he also lectured for the FINSIA Masters Degree course, Advanced Industrial Equity Analysis. Kevin is a qualified Chartered Accountant. Kevin assumed the role of Executive Chairman in February 2015. Other current listed company directorships are: Arowana Australasian Value Opportunities Fund Limited Arowana Inc. (USA) Former directorships of listed companies in the last 3 years: None
Hon. John Moore Non-Executive Director	John was the former Federal Minister for Industry, Science and Tourism in 1996 and held that portfolio until 1998. In 1998, John assumed the role of Federal Minister of Defence and held that portfolio until his retirement from politics in 2001. John holds a Bachelor of Commerce and Associate in Accountancy from the University of Queensland. Chairman of the Audit and Risk Committee and Member of Nomination and Remuneration Committee Director since November 2012 Other current listed company directorships are: Arowana Australasian Value Opportunities Fund Limited Herencia Resources Limited (UK) Arowana Inc. (USA) Former directorships of listed companies in the last 3 years: None

Name, qualification and independence status	Experience, qualification, special responsibilities and other directorships
Robert John McKelvey Non-Executive Director Appointed: February 2015	Rob was appointed in February 2015 and was previously Managing Director of the US technology research firm, Gartner Inc. for the Asia Pacific. He has extensive knowledge and experience of technology trends and developments and is also a certified master coach and is a strong advocate of building the right culture and coaching processes within organisations. Director since February 2015 Other current listed company directorships are: None Former directorships of listed companies in the last 3 years: None

2. COMPANY SECRETARY

Thomas Robert John Bloomfield

Thomas is an experienced Chartered Company Secretary and has acted for numerous ASX listed and unlisted companies. He has experience working with and consulting to a range of international and domestic clients. Thomas is currently General Manager of Corporate Secretarial Services at Boardroom Pty Limited. He was appointed Company Secretary on 30 January 2012.

3. DIRECTORS MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are as follows:

	Board Meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
Director	Attended	Held	Attended	Held	Attended	Held
Mr Malcolm Keefe *	9	13	2	2	-	-
Mr Kevin Chin	13	13	-	-	-	-
Mr John Moore	13	13	2	2	-	-
Mr Rob McKelvey#	5	13	-	-	-	-

* resigned 26 February 2015 # appointed 26 February 2015

Due to the relatively small size of the Company and its operations, no meetings of the nomination and remuneration committee were held during the year.

4. PRINCIPAL ACTIVITIES

During the year ended 30 June 2015, the principal activities of the Group remained unchanged and related to the operation of three divisions – Operating Companies Division (incorporating interests in education, training and events and diagnostic testing); Funds Management Division and the Arowana Enterprise Office. On 30 September 2014, the Group divested of all of its interest in HRM Asia, the training and events company within the Operating Companies Division.

There were no other significant changes in the nature of the activities of the Group during the year.

5. OPERATING RESULTS

The consolidated loss of the Group from overall operations for the year ended 30 June 2015, after tax was $(6,404,298) (2014: profit $109,512,065). As a result of 100% divestment of HRM Asia the results for this company have been reclassified in the current financial year in the financial statements as "discontinued operations".

6. DIVIDENDS PAID OR RECOMMENDED

The following dividends were paid during the year:

Dividend	$
Interim ordinary dividend – 12 March 2015 of 2.00 cents per share (partly franked)	3,163,416
Total	3,163,416

A final dividend of 1 cent per share (unfranked) has been declared and is payable in September 2015.

The following dividends were paid during the year ended 30 June 2014:

Dividend	$
Final ordinary dividend – 25 October 2013 of 0.85 cents per share (unfranked)	1,386,859
Interim ordinary dividend – 3 April 2014 of 2.40 cents per share (unfranked)	3,915,836
Interim ordinary dividend – 19 June 2014 of 2.00 cents per share (franked)	3,263,197
Total	8,565,892

7. REVIEW OF OPERATIONS

Please refer to the Chairman and CEO's letter within this Annual Report.

8. FINANCIAL POSITION

The net assets of the Group have decreased from $141.7 million as at 30 June 2014 to $130.7 million as at 30 June 2015. The change in the financial position resulted largely from a fair value adjustment in the carrying value of the Company's remaining 24.9% investment in IEGL.

9. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As outlined above, as of 30 September 2014 the Group divested of 100% of its investment in training and events management company, HRM Asia. This profit realised on this disposal accounted for a significant portion of the Group's income for the year.

10. ENVIRONMENTAL ISSUES

The Group's operations are not subject to environmental regulations.

11. EVENTS SUBSEQUENT TO REPORTING DATE

A final dividend of 1.0 cent per share was declared on 27 August and is payable in September 2015. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group and Company, the results of those operations, or the state of affairs of the Group and Company in future financial years.

12. LIKELY DEVELOPMENTS

Please refer to the Chairman and CEO's letter within this Annual Report.

13. DIRECTORS INTERESTS

The relevant interest of each director in shares issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with Sec 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Directors	Ordinary shares
Mr Kevin Chin	13,033,845
Mr John Moore	1,400,000
Mr Robert McKelvey	-

All the above shares are held by either the directors themselves or their related entities.

14. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

15. OPTIONS

There were no options outstanding as at the date of this Report.

16. REMUNERATION REPORT - AUDITED

Remuneration Policy

The Nomination & Remuneration Committee Charter was adopted by the current Board of the Company to provide the terms of reference for the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee's objective is to assist the Board in fulfilling its responsibilities by reviewing, advising and making recommendations to the Board on nomination and remuneration policies and practices.

Remuneration focussed responsibilities of the Committee include determining and agreeing with the Board the policy for the remuneration of the non-executive directors, the CEO and the executive team and will review the ongoing appropriateness and relevance of the remuneration policy.

Further remuneration focussed responsibilities of the Nomination & Remuneration Committee include making recommendations to the Board in relation to those executive incentive plans that require the approval of shareholders. In making those recommendations the Committee will have regard to the remuneration policy and to the total cost of each plan.

Under the Nomination & Remuneration Committee Charter, where practicable, the Committee will comprise solely of non-executive directors and have at least three members. New members will be proposed by the Chairman and approved by the Board. The Committee is for the time being chaired by Mr John Moore AO and members are Mr Rob McKelvey and Mr Conor Byrne.

Remuneration Objectives

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Company.

Compensation levels for key management personnel will incentivise management to maximise annual dividends and also to maximise compounding growth of "cash on cash" returns and return on invested capital of the Group (which in turn will result in long term capital growth and value creation). As a result, the Company embraces and applies "lean enterprise" and "lean management" principles. The core objective of the "lean enterprise" philosophy and approach is to eliminate unnecessary waste and inefficiency in an organisation whilst preserving value to the stakeholders. The implications of this approach for the organisational structure and compensation model of the Company are outlined as follows:

- Organisational structure: a flexible and agile model that promotes multi-tasking and self-sufficiency by management and employees. This model eschews more conventional thinking than the formulaic application of "template" organisational structures that "over demarcate" roles and responsibilities and promote an "empire building" mindset. In practice, head office employees undertake several functional roles (which would ordinarily be staffed by more than one employee at other companies with more conventional structures);
- Compensation structure: Compensation is heavily skewed towards performance based outcomes. All head office employees will be paid below market salary rates to ensure fixed cost savings for the Company and in keeping with the "lean enterprise" ethos. In addition, there will be a salary cap in place for the head office employees. The salary cap will be reviewed by the Board as required to attract and retain employees;
- To incentivise employees to act as "owners" when assessing and purchasing businesses for the Company. In particular, employees will be encouraged to acquire businesses at valuations that are as optimally low and as value accretive to the company as possible; and
- To incentivise employees to operate the Company's businesses such that they deliver financial and operational outperformance over a long term investment horizon.

Fixed compensation

Fixed compensation consists of base compensation, as well as leave entitlements and employer contribution to superannuation funds.

Compensation levels are reviewed annually by the Nomination and Remuneration committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place. A senior executives' compensation is also reviewed on promotion.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward executives for meeting or exceeding defined objectives. In this regard, during the year, the Board adopted revision to the employee incentive scheme, the Long Term Value Creation Plan ("LTVCP") which were approved by shareholders at the AGM in November 2014.

Under the revised LTVCP, enterprise office employees as a group will receive AWN shares to the value of 20% of any outperformance above an average 8% per annum hurdle rate of Arowana International Limited's enterprise value (with relevant adjustments for any debt or equity raised or returned), calculated over a 5 year period. The plan also makes provision for certain Early Trigger Events that may result in an early incentive payment, as was the case during the year.

Service Contracts

Kevin Chin – Chief Executive Officer

Mr Kevin Chin, in the role as Chief Executive Officer (CEO) has a contract of employment executed on 2 July 2013 with the company. The contract specifies the duties and obligations to be fulfilled in the role of CEO. The contract provides for a 6 month notice period for termination and base remuneration of $30,000 per year.

Gary Hui – Chief Investment Officer

Mr Gary Hui, in the role as Chief Investment Officer (CIO) has a contract of employment executed on 23 October 2014 with the company. The contract specifies the duties and obligations to be fulfilled in the role of CIO. The contract provides for a 3 month notice period for termination and remuneration arrangements as outlined above for company executives.

Conor Byrne – Chief Financial and Operating Officer

Mr Conor Byrne, acted as interim Chief Financial Officer (CFO) from 10 March 2015 until 13 July 2015 when a contract of employment was executed for the permanent role of Chief Financial and Operating Officer (CFOO). The contract provides for a 3 month notice period for termination and remuneration arrangements as outlined above for company executives.

Share-based Compensation

No shares or options were granted to key management personnel as compensation during 2014 or 2015.

Additional Information

The factors that are considered to affect total shareholder return (TSR) are summarised below:

	2015	2014 (Restated)
Share price at financial year end (cents per share)	68.00	90.00
Total dividends declared (cents per share)	3.00	4.40
Basic earnings per share (cents per share)	(4.04)	67.12

Non-Executive Directors

Directors' base fees are presently up to $120,000 per annum, and non-executive directors do not receive performance-related compensation. Details of the nature and amount of each major element of remuneration of each director of the Company are outlined in the table below.

Remuneration of key management personnel

Given the relative size of revenue and earnings contribution, there are no designated key management personnel for HRM Asia and Thermoscan. Operating personnel within all operating divisions consult with and report into head office personnel on key business decisions.

A summary of the remuneration of key management personnel for the Group is set out below. Bonus remuneration includes the allocation of the Long Term Value Creation Plan pool.

Remuneration Report		Salary & fees ($)	Bonus ($) **	Non-monetary benefits ($)	Total	Post- employment Superannuation benefits ($)	Share-based payments ($)	Total ($)	% of remuneration linked to performance
Directors									
Non-executive directors									
Mr Malcolm Keefe (resigned 25 February 2015)	2015	58,002	-	-	58,002	-	-	58,002	-
	2014	42,053	-	-	42,053	-	-	42,053	-
Mr John Moore	2015	27,397	-	-	27,397	2,603	-	30,000	-
	2014	45,767	-	-	45,767	4,233	-	50,000	-
Mr Robert McKelvey (Appointed 26 February 2015)	2015	9,361	-	-	9,361	889	-	10,250	-
	2014	-	-	-	-	-	-	-	-
Mr Paul Welch (resigned 21 August 2013)	2015	-	-	-	-	-	-	-	-
	2014	5,000	-	-	5,000	-	-	5,000	-
Sub-total	**2015**	**94,760**	**-**	**-**	**94,760**	**3,492**	**-**	**98,252**	**-**
	2014	**92,820**	**-**	**-**	**92,820**	**4,233**	**-**	**97,053**	**-**
Executive directors									
Mr Kevin Chin, CEO	2015	30,000	547,300	-	577,300	-	-	577,300	94.8
	2014	30,000	13,316,728	-	13,346,728	-	-	13,346,728	99.8
Total directors' remuneration	**2015**	**124,760**	**547,300**	**-**	**672,060**	**3,492**	**-**	**675,552**	**81.0**
	2014	**122,820**	**13,316,728**	**-**	**13,439,548**	**4,233**	**-**	**13,443,781**	**99.1**
Other Key management personnel (KMP)									
Mr Kent Kwan , Executive Director - Operations (resigned 31 December 2014)	2015	101,656	-	-	101,656	9,657	-	111,313	0.00
	2014	169,611	3,729,441	-	3,899,052	11,864	-	3,910,916	95.4
Mr Craig McIntosh, Interim CFO (resigned 30 November 2014)									
	2015	40,078	-	-	40,078	-	-	40,078	-
	2014	167,250	-	-	167,250	-	-	167,250	-
Mr Conor Byrne, CFO (appointed 9 March 2015)	2015	82,323	-	-	82,323	-	-	82,323	-
	2014	-	-	-	-	-	-	-	-
Mr Glen Dobbie, Commercial Director (resigned 10 April 2015)	2015	196,392	120,000	21,428	337,820	13,520	-	351,340	34.2
	2014	143,443	1,953,004	-	2,096,446	17,775	-	2,114,221	92.4
Mr Gary Hui, Investment Director (appointed 16 November 2014)	2015	146.827	-	-	146,827	-	-	146,827	-
	2014	-	-	-	-	-	-	-	-
Rod Facer, CEO, Intueri Education Group (appointed 28 March 2014) *	2015	-	-	-	-	-	-	-	-
	2014	40,995	45,163	-	86,158	1,732	-	87,890	51.4
Mr Adam Berry , CEO, Intueri Education Group (resigned 08 August 2013)	2015	-	-	-	-	-	-	-	-
	2014	45,163	-	-	45,163	-	-	45,163	-
Total other KMP remuneration	**2015**	**567,276**	**120,000**	**21,428**	**708,704**	**23,177**	**-**	**731,881**	**16.4**
	2014	**566,462**	**5,727,608**	**-**	**6,294,069**	**31,371**	**-**	**6,325,440**	**90.5**
Total remuneration	**2015**	**692,036**	**667,300**	**21,428**	**1,380,764**	**26,669**	**-**	**1,407,433**	**47.4**
	2014	**689,282**	**19,044,336**	**-**	**19,733,617**	**35,604**	**-**	**19,769,221**	**96.3**

* includes remuneration up until 23 May 2014 at which point the Intueri Education Group ceased to be controlled by AWN

** includes allocation of LTVCP pool

Equity movement in shares held by key management personnel

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2013	Purchases	Sales	Held at 30 June 2014
Directors and Key Management Personnel				
Mr Malcolm Keefe	1,262,500	-	-	1,262,500
Mr Kevin Tser Fah Chin	11,963,845	1,070,000	-	13,033,845
Mr John Moore	1,400,000	-	-	1,400,000
Mr Kent Kwan	-	162,000	-	162,000
Total	**14,626,345**	**1,232,000**	**-**	**15,858,345**

	Held at 1 July 2014	Purchases	Sales	Other	Held at 30 June 2015
Directors and Key Management Personnel					
Directors					
Mr Malcolm Keefe	1,262,500	-	-	(1,262,500)	-
Mr Kevin Tser Fah Chin	13,033,845	-	-	-	13,033,845
Mr John Moore	1,400,000	-	-	-	1,400,000
Mr Kent Kwan	162,000	-	-	(162,000)	-
Mr Robert McKelvey	-	-	-	-	-
Key Management Personnel					
Mr Gary Hui	-	625,000	-	-	625,000
Total	**15,858,345**	**625,000**	**-**	**(1,424,500)**	**15,058,845**

This concludes the remuneration report, which has been audited.

17. DIRECTORS' AND AUDITOR'S INDEMNIFICATION

The Company has paid premiums to insure all directors of the Company and officers of the Group against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The amount of the premium was $71,996 (inclusive of GST). No amounts were paid to indemnify the auditors.

18. NON-AUDIT SERVICES

During the year network firms of PKF Hacketts Audit, the Group's Lead Auditor, have performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and its network firms and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Details of the amounts paid and payable to the auditors of the Group, PKF Hacketts Audit, and its network firms for audit and non-audit services provided during or in relation to the year are set out below:

Services other than audit and review of financial statements	
Other Assurance services [PKF Hacketts Audit]:	
Accounting and statutory disclosure advice	14,050
Taxation services [PKF Tax Pty Ltd – Sydney]:	
Taxation compliance	37,600
Tax advice in relation to GST matters	26,670
Tax advice on partial divestment of subsidiary	30,750
Total paid to PKF Hacketts Audit and its network firms	**109,070**

19. LEAD AUDITORS INDEPENDENCE DECLARATION

The Lead Auditor's independence declaration is set out on page 31 and forms part of the Directors' Report for the year ended 30 June 2015.

Signed in accordance with a resolution of the Board of Directors.

Kevin Chin
Executive Chairman and Chief Executive Officer
Brisbane
27 August 2015

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
AROWANA INTERNATIONAL LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF Hacketts

PKF HACKETTS AUDIT

Shaun Lindemann
Partner

Brisbane, 27 August 2015

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Arowana International Limited and its Controlled Entities

Consolidated Income Statement

For the year ended 30 June 2015

	Notes	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Continuing operations			
Revenue – rendering of services		3,090,625	2,786,877
Interest income		2,767,011	522,029
Total revenue		**5,857,636**	**3,308,906**
Other income	3	200,000	48,714,287
Cost of sales		(1,186)	(62,324)
Employee costs		(3,508,911)	(4,036,947)
Long Term Value Creation Pool expense	15(a)	(1,000,000)	(22,194,547)
Occupancy costs		(509,069)	(483,890)
Director fees		(132,254)	(127,053)
Marketing costs		(163,331)	(33,808)
Insurance costs		(146,507)	(55,758)
IT and communication costs		(175,842)	(213,711)
Travel costs		(350,982)	(258,379)
Interest expense		(14,584)	(23,781)
Depreciation		(158,150)	(140,150)
Provision for impairment		(17,356,877)	-
Administration Costs		(1,411,321)	(1,756,473)
Contribution to Intueri Education Group Ltd IPO cost		-	(11,128,619)
Share of net profit of associates accounted for using the equity method	11(c)	1,728,734	311,403
(Loss)/Profit before income tax	4	**(17,142,634)**	**11,819,156**
Income tax benefit/(expense)	7(b)	6,930,637	615,829
Net (loss)/profit from continuing operations		**(10,211,997)**	**12,434,985**
Discontinued operations			
Profit from discontinued operations after tax	5	3,807,699	97,077,080
(Loss)/Profit for the year		**(6,404,298)**	**109,512,065**
(Loss)/Profit attributable to:			
Non-controlling interest		913	-
Parent interest (Arowana International Limited)		**(6,405,211)**	**109,512,065**
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	27	(4.04)	67.12
Diluted earnings per share (cents)	27	(4.04)	67.12
From continuing operations:			
Basic earnings per share (cents)	27	(6.44)	7.62
Diluted earnings per share (cents)	27	(6.44)	7.62
From discontinued operations:			
Basic earnings/(loss) per share (cents)	27	2.40	59.50
Diluted earnings per share (cents)	27	2.40	59.50

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	Year ended 30 June 2015 $	Year ended 30 June 2014 $
(Loss)/Profit for the year		(6,404,298)	109,512,067
Other comprehensive income for the year			
Items that may be reclassified to profit and loss			
Exchange differences on translating foreign operations		(2,125,471)	(1,279,582)
Items that will not be reclassified to profit and loss			
Fair value adjustment – available for sale investment		3,966,337	-
Other comprehensive income for the year, net of tax		1,840,866	(1,279,582)
Total comprehensive income for the period, net of tax		**(4,563,432)**	**108,232,485**
Total comprehensive income attributable to			
• Arowana International Limited		(4,571,426)	108,232,485
• Non-controlling interests		7,994	-
		(4,563,432)	**108,232,485**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Arowana International Limited and its Controlled Entities

Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	As at 30 June 2015 $	As at 30 June 2014 $
ASSETS			
Current assets			
Cash and cash equivalents	8	54,061,080	97,077,244
Trade and other receivables	9	2,677,923	2,785,997
Other current assets	10	198,600	116,604
Total current assets		**56,937,603**	**99,979,845**
Non-current assets			
Investment accounted for using the cost method	11(a)	6,266,831	-
Investment in available for sale financial assets	11(b)	7,116,638	-
Investments accounted for using the equity method	11(c)	37,333,502	54,491,286
Other financial assets	11(d)	14,622,606	-
Other non-current assets		41,800	41,800
Property, plant & equipment	12	457,072	642,567
Deferred tax asset	13	7,185,945	1,904,583
Intangible assets	14	2,201,040	5,810,477
Total non-current assets		**75,225,434**	**62,890,713**
Total assets		**132,163,037**	**162,870,558**
LIABILITIES			
Current liabilities			
Trade and other payables	15(a)	1,069,707	20,345,161
Deferred income	16	-	169,968
Current tax liabilities	17	26,994	19,909
Current provisions	18(a)	102,699	179,418
Interest bearing liabilities	19(a)	58,743	112,004
Total current liabilities		**1,258,143**	**20,826,460**
Non-current liabilities			
Trade and other payables	15(b)	8,980	151,864
Non-current provision	18(b)	24,276	28,307
Interest bearing liabilities	19(b)	76,429	135,172
Total non-current liabilities		**109,685**	**315,343**
Total liabilities		**1,367,828**	**21,141,803**
Net assets		**130,795,209**	**141,728,755**
EQUITY			
Issued capital	21	59,504,436	61,401,416
Reserves	22	(12,570,222)	(11,500,329)
Retained earnings	23	82,562,345	91,827,668
Equity attributable to Parent interest		**129,496,559**	**141,728,755**
Equity attributable to non-controlling interest		1,298,650	-
Total equity		**130,795,209**	**141,728,755**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Arowana International Limited and its Controlled Entities

Consolidated Statement of changes in Equity

For the year ended 30 June 2015

	Issued capital $	General reserve $	Share Buyback Reserve $	Foreign currency translation reserve $	Retained earnings $	Total attributable to Parent interest $	Non-controlling interest $	Total equity $
As at 1 July 2013	**61,401,416**	**(11,754,685)**	**-**	**1,533,938**	**(9,118,507)**	**42,062,162**	**-**	**42,062,162**
Profit for the year	-	-	-	-	109,512,067	109,512,067	-	109,512,067
Other comprehensive income for the year	-	-	-	(1,279,582)	-	(1,279,582)	-	(1,279,582)
Total comprehensive income	-	-	-	(1,279,582)	109,512,067	108,232,485	-	108,232,485
Transactions with owners in their capacity as owners (net of transaction costs and taxes)								
Dividend paid	-	-	-	-	(8,565,892)	(8,565,892)	-	(8,565,892)
As at 30 June 2014	**61,401,416**	**(11,754,685)**	**-**	**254,356**	**91,827,668**	**141,728,755**	**-**	**141,728,755**
As at 1 July 2014	**61,401,416**	**(11,754,685)**	**-**	**254,356**	**91,827,668**	**141,728,755**	**-**	**141,728,755**
Profit for the year	-	-	-	-	(6,405,211)	(6,405,211)	913	(6,404,298)
Other comprehensive income for the year	-	3,959,256	-	(2,125,471)	-	1,833,785	7,081	1,840,866
Transfer of foreign currency translation reserve to retained earnings	-	-	-	(303,304)	303,304	-	-	-
Total comprehensive income	-	3,959,256	-	(2,428,775)	(6,101,907)	(4,571,426)	7,994	(4,563,432)
Transactions with owners in their capacity as owners (net of transaction costs and taxes)								
Issue of shares	-	-	-	-	-	-	1,290,656	1,290,656
Capital raising cost	(4,613)	-	-	-	-	(4,613)	-	(4,613)
Share buyback	(1,892,367)	-	(2,600,374)	-	-	(4,492,741)	-	(4,492,741)
Dividend paid	-	-	-	-	(3,163,416)	(3,163,416)	-	(3,163,416)
As at 30 June 2015	**59,504,436**	**(7,795,429)**	**(2,600,374)**	**(2,174,419)**	**82,562,345**	**129,496,559**	**1,298,650**	**130,795,209**

The above Consolidated Statement of changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Notes	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Cash flows from operating activities			
Receipts from customers		5,587,127	34,427,606
Payments to suppliers and employees		(26,849,456)	(45,107,362)
Interest received		1,589,470	582,887
Interest paid		(14,584)	(1,069,370)
Income tax refund (paid)		46,207	(1,642,824)
Net cash inflow/(outflow) from operating activities	**24**	**(19,641,236)**	**(12,809,063)**
Cash flows from investing activities			
Net cash paid for investment in shares		(10,211,024)	-
Net cash paid for investment in convertible notes		(14,622,606)	-
Net cash acquired (paid for) on business acquisition		-	(3,773,376)
Net cash inflow on disposal of a subsidiary/substantial interest in a subsidiary	**5**	6,685,305	105,730,591
Dividend received		1,848,972	-
Purchase of property, plant & equipment		(84,645)	(3,129,327)
Proceeds from sale of property, plant & equipment		12,955	-
Net cash inflow from investing activities		**(16,371,043)**	**98,827,888**
Cash flows from financing activities			
Proceeds from partnership contributions		1,290,656	-
Payment of capital raising costs		(4,613)	(2,809,185)
Payment for share buyback		(4,492,741)	-
Proceeds from borrowings		-	3,449,747
Repayment of borrowings		(112,004)	(1,899,441)
Dividend paid		(3,163,416)	(8,565,892)
Net cash inflow/(outflow) from financing activities		**(6,482,118)**	**(9,824,771)**
Net increase in cash and cash equivalents		(42,494,397)	76,194,054
Effect of foreign currency translation		(521,767)	272,649
Cash and cash equivalents at the beginning of the year		97,077,244	20,610,541
Cash and cash equivalents at the end of the year	**8**	**54,061,080**	**97,077,244**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Reporting entity

Arowana International Limited (the "Company" or "AWN") is a company incorporated and domiciled in Australia. The address of the Company's registered office is Level 11, 153 Walker Street, North Sydney NSW 2060. The financial report includes financial statements for Arowana International Limited as a consolidated entity consisting of Arowana International Limited and its controlled entities (together referred to as "Group"). The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The separate financial statements of the parent entity, Arowana International Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. Supplementary information about the parent entity is disclosed in Note 34.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report of Arowana International Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The financial statements were authorised for issue by the Board of Directors on 27 August 2015.

(b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 or, when applicable, as the cost on initial recognition of an investment in an associate or a joint venture.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 30 to the financial statements.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the Consolidated Income Statement.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(d) Foreign currency transactions and balances

(i) Functional and presentation currency

The functional currency of the controlled entities is measured using the currency of the primary economic environment in which that entity operates. The Consolidated Financial Statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Consolidated Statement of Comprehensive Income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Consolidated Statement of Comprehensive Income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of the balance sheet
- income and expenses for each Income Statement and Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange difference are recognised in other comprehensive income

On consolidation, exchange differences arising from the transaction of any net investment in foreign entities and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue is recognised for the major business activities as follows:

(i) Provision of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Tax balances

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Arowana International Limited and its wholly owned Australian controlled entities have implemented tax consolidation.

Each entity in the Group recognises its own current and deferred tax assets and liabilities, except for any amounts resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each entity within the Group is then subsequently assumed by the parent entity.

The tax consolidated group has entered into tax sharing and funding agreements. Under the terms of these agreements, the wholly-owned entities reimburse the head company for any current income tax payable by the head company arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and therefore amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidated legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Arowana International Limited. Expenses and revenues arising under the tax sharing agreement are recorded as a component of income tax expense (revenue).

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under a finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(h) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit and loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to the Consolidated Income Statement and are not subsequently reversed.

(i) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(j) Cash and cash equivalents

For Consolidated Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Consolidated Income Statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Income Statement.

(l) Financial instruments and investment in associates

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(iii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(m) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Income Statement during the reporting period in which they are incurred.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Consolidated Income Statement.

Subsequent costs

Subsequent costs are capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use. Depreciation is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Leasehold improvements 8 - 10 years
- Plant and equipment 5 – 7 years
- Computer equipment 3 – 5 years
- Furniture and fixtures 8 – 10 years
- Motor vehicles 5 – 8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(q) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares;

- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for:
  - bonus elements in ordinary shares issued during the year; and
  - share consolidations during the year

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(v) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(w) New and amended standards adopted by the Group

The Group has applied the following accounting standards and amendments (to the extent that is relevant to the Group) for the first time for the reporting period:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- Interpretation 21: Levies

The adoption of these new standards did not materially affect any of the amounts recognised in the current period and are not likely to affect future periods.

(x) New accounting standards and interpretations for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not yet been applied in the financial statements. The directors' assessment of the impact of these new standards (to the extent relevant to the Group) and interpretations is set out below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).
- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

The Group does not expect to adopt the new standards before their operative date. The Group is currently evaluating the impact of the new standards, however they are not expected to have a material impact on the Group.

(y) Critical Accounting Estimates & Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances.

The following estimates, assumptions and judgements have an inherent significant risk of potentially causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill and intangible assets

The Group tests whether intangible assets have suffered any impairment, in case of triggering events and at least annually. Goodwill recorded at 30 June 2015 of $2,201,040 relates solely to the diagnostic operating company, a cash-generating unit. The recoverable amount of this cash-generating unit has been determined using a value-in-use calculation, which requires the use of estimates. Based on this impairment test, impairment losses, if any, are identified. However, should the actual performance of this cash-generating unit become materially worse compared to the performance based on the estimates, possible impairment losses could arise, or could deviate from the detected impairment losses. This impairment loss or deviation could have a material effect on the carrying amount of the intangible asset.

Impairment assessment – investments and other financial assets

The Group has recorded an equity accounted investment in VivoPower Pty Limited of $2,247,694 as at 30 June 2015 (refer Note 11(b)). The Directors have assessed this investment for impairment as required and are of the view that this investment is recoverable on the basis of its fair value less costs to sell.

The Group has recorded an investment at cost in Ubiquity Power Maintenance Group Limited of $6,266,831 as at 30 June 2015 (refer Note 11(a)). The Directors have assessed this investment for impairment as required and are of the view that this investment is recoverable on the basis of its fair value less costs to sell. Similarly, the Directors believe that recorded convertible notes receivable of $14,622,606 is recoverable.

Provisions

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgments, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions. Hence, the differences between actual outcomes and the recorded provisions can impact results over the periods involved. The timing of outflow of resources to settle these obligations is subject to the same uncertain factors.

Income taxes

The Group has recorded a deferred tax asset of $9,411,231 as at 30 June 2015. The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the deferred tax asset on, amongst other items, tax losses carried-forward. There are many uncertain factors that influence the amount of the tax losses carried-forward. The Group recognises deferred tax assets on tax losses carried-forward based on their best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the Consolidated Income Statement and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur. The Group has also identified a number of uncertain tax positions, which could lead to positive and/or negative differences as well. The Directors believe it is probable that the Group will generate sufficient future taxable profits to utilise the tax losses brought to account.

3. Other Income

	Consolidated	
	2015 $	2014 $
Revaluation of Equity investment [(a)]	-	48,561,431
Other income	200,000	152,856
Total other revenue	**200,000**	**48,714,287**

(a) Relates to revaluation of the remaining 24.9% shareholding in Intueri Education Group Limited, based on the IPO price.

4. Expenses

Profit before income tax includes the following specific expenses:		
Due diligence fees	42,224	462,070
Rent	509,069	483,890
Research expenses	352,449	428,022
Loss on disposal of fixed assets	20,196	-

5. Discontinued Operations

(a) Divestment of HRM Asia Pte Ltd

Effective 1 October 2014, Arowana International Limited ("AWN"), via its 100% owned subsidiaries Arowana Australasian Holdings Limited ("AAHL") and HRM Asia Holdings Pty Ltd ("HRMH"), disposed of 100% of its investment in HRM Asia Pte Ltd ("HRM Asia").

Details of the sale:	30 June 2015 $	30 June 2014 $
Consideration received or receivable:		
Cash	7,906,835	-
Receivable	878,537	-
Cost related to the sale	(929,281)	-
Net consideration	**7,856,091**	**-**

Carrying amount of assets and liabilities of HRM Asia Pte Ltd as at the date of deconsolidation were:		
Cash	292,250	-
Current assets	624,441	-
Non-current assets	3,688,276	-
Current liabilities	(675,623)	-
Non-current liabilities	(9,123)	-
Net assets	**3,920,221**	**-**
Gain on sale before income tax	**3,935,870**	-

Cash flow reconciliation:		
Sale	8,785,372	-
Retention	(878,537)	-
Proceeds from sale	7,906,835	-
Cost paid related to the sale	(929,281)	
Carrying amount of cash at the date of deconsolidation	(292,250)	-
Cash inflow/(outflow)	**6,685,304**	**-**

(b) Divestment of Intueri Education Group Limited

On 23 May 2014, Arowana International Limited ("AWN"), via its 100% owned subsidiaries Arowana Australasian Holdings Limited ("AAHL") and Intueri Education Group Holdings Pty Ltd ("IEGH"), divested of 75.1% of its investment in Intueri Education Group Limited ("IEGL"). At the same time, IEGL conducted an additional capital raise and dual listed its securities separately on the New Zealand Stock Exchange and the Australian Stock Exchange. AWN has retained an investment in IEGL of 24.9% after the separate capital raising and listing of IEGL's securities. The above transaction was approved by the shareholders of AWN and further information relating to the transaction and subsequent transactions for IEGL have been announced and are available on the Australian Stock Exchange ("ASX").

The Directors are of the view that AWN ceased to control IEGL as of 23 May 2014, although it still is considered for accounting purposes to maintain a "significant influence" over IEGL by virtue of its shareholding and having a board seat out of a 5 member board. On this basis, AWN has equity accounted for the remaining investment in IEGL from that date onwards, and the results for the division have been reclassified as discontinued operations up until the point of loss of control in accordance with AASB 5.

Details of the sale	30 June 2015 $	30 June 2014 $
Consideration received or receivable:		
Cash	-	106,250,863
Carrying amount of assets and liabilities of IEGL as at the date of deconsolidation were:		
Cash	-	520,272
Current assets	-	17,426,827
Non-current assets	-	50,676,002
Current liabilities	-	(46,848,087)
Non-current liabilities	-	(4,414,780)
Minority interest	-	(3,487,131)
Pre-acquisition reserve and retained earnings	-	(2,254,821)
Net assets	-	11,618,282
Gain on sale before income tax	-	94,632,581
Cash flow reconciliation:		
Proceeds from sale	-	106,250,863
Carrying amount of cash at the date of deconsolidation	-	(520,272)
Cash inflow/(outflow)	-	**105,730,591**

(c) Financial Performance Information

The financial performance of the discontinued operation up to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of comprehensive income, is as follows:

	30-June-15		
	HRM Asia $	IEGL $	Total $
Revenue	506,692	-	506,692
Expenses	(634,863)	-	(634,863)
Profit before income tax	(128,171)	-	(128,171)
Income tax expense	-	-	-
Profit attributable to members of the parent entity	(128,171)	-	(128,171)
Profit on sale before income tax	3,935,870	-	3,935,870
Income tax benefit/(expense)	-	-	-
Profit on sale after income tax	3,935,870	-	3,935,870
Total profit after tax attributable to the discontinued operation	3,807,699	-	3,807,699

	30-June-14		
	HRM Asia	IEGL	Total
	$	$	$
Revenue	4,647,280	30,134,894	34,782,174
Expenses	(3,524,618)	(28,470,565)	(31,995,183)
Profit before income tax	1,122,662	1,664,329	2,786,991
Income tax benefit	(62,867)	(348,206)	(411,073)
Non-controlling interest	-	68,581	68,581
Profit attributable to members of the parent entity	1,059,795	1,384,704	2,444,499
Profit on sale before income tax	-	94,632,581	94,632,581
Income tax benefit/(expense)	-	-	-
Profit on sale after income tax	-	94,632,581	94,632,581
Total profit after tax attributable to the discontinued operation	1,059,795	96,017,285	97,077,080

(d) Cash Flow Information

The net cash flows of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows:

	30-June-15		
	HRM Asia	IEGL	Total
	$	$	$
Net cash inflow/(outflow) from operating activities	(115,868)	-	(115,868)
Net cash inflow/(outflow) from investing activities	6,670,148	-	6,670,148
Net cash inflow/(outflow) from financing activities	(1,243,937)	-	(1,243,937)
Net cash increase/(decrease) in cash generated by the discontinued operations	5,310,343	-	5,310,343

	30-June-14		
	HRM Asia	IEGL	Total
	$	$	$
Net cash inflow/(outflow) from operating activities	565,781	4,768,936	5,334,717
Net cash inflow/(outflow) from investing activities	(48,259)	99,194,483	99,146,224
Net cash inflow/(outflow) from financing activities	(4,147)	(1,771,149)	(1,775,296)
Net cash increase/(decrease) in cash generated by the discontinued operations	513,375	102,192,270	102,705,645

6. Segment Reporting

Identification of reportable operating segments

The Group is organised into the Enterprise Office and two other segments – Operating Companies and Funds Management as defined below. These segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Operating Companies segment previously included three separate divisions – being education, diagnostic testing and training and events. During the year ended 30 June 2014, the Group divested of a significant share of its ownership in the education division (Intueri Education Group) and currently holds an equity-accounted holding in the Intueri Group. During the current year ended 30 June 2015 the Group divested of its holding in the Training and Events division. Both of these are further highlighted in Note 5 above. As at 30 June 2015, the Group has included in this segment its operations from the wholly-owned diagnostic testing company, and also share of profit/loss derived from its equity accounted holdings relating to the Intueri Education Group (and income derived thereon) and any other asset balances related to operating divisions current or prior.

Types of services

The principal products and services of each of these operating segments are as follows:

- **Enterprise Office** – is the designated investment entity and provides strategic, operational, financial, human resources support to the operating entities within the group.
- **Operating Companies** – houses business units and underlying businesses that are or were wholly owned subsidiaries of the Group; and
- **Funds Management** – manages listed and unlisted funds that have either permanent capital or semi-permanent capital (defined as minimum 10 year life funds).

Discontinued operations (segments)

Training and events – the provision of information services for human resources professionals including organising and managing events. Further information regarding this segment's operations is detailed in Note 5.

Changes in classification from the prior year

As outlined above, the 'training and events' division which was previously designated as a separate segment in the prior year was discontinued this year. The Operating Companies segment includes the Diagnostic Testing entity which was previously designated a separate segment in the prior year. The share of profit/loss and investment holding held in the Intueri Group (previously a separately reportable segment for 'education') has been included in the Operating Companies segment and was previously classified in the Enterprise Office division. Comparatives have been updated to reflect these changes to facilitate a meaningful comparison to the prior year.

Other Segment information

Segment revenue - Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Consolidated Income Statement. The revenue from external customers is derived from provision of services through the operating companies associated with education, diagnostic testing and training and events.

Segment assets - The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the Consolidated Statement of Financial Position. These assets are allocated based on the operations of the segment and its holding entities, and the physical location of the asset.

Segment liabilities - The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the Consolidated Statement of Financial Position. These liabilities are allocated based on the operations of the segment.

For the year ended 30 June 2015	Enterprise office (Australia) $	Operating Companies (Australia) $	Funds Management (Australia) $	Total $	Intersegment Eliminations $	Consolidated $
Revenue						
Sales to external customers	52,012	2,799,021	239,592	3,090,625		3,090,625
Intersegment sales	621,327	-	-	621,327	(621,327)	-
Total sales revenue	673,339	2,799,021	239,592	3,711,952		3,090,625
Interest revenue	1,613,215	5,704	1,148,092	2,767,011		2,767,011
Other income	1,178,996	-	-	1,178,996	(978,996)	200,000
Total revenue	3,465,550	2,804,725	1,387,684	7,657,959		6,057,636
Segment result	**(1,838,806)**	**2,851,088**	**445,472**	**1,457,754**	**(1,070,778)**	**386,976**
Depreciation and impairment	(28,453)	(17,486,573)	-	(17,515,027)		(17,515,027)
Finance costs	-	(14,584)	-	(14,584)		(14,584)
Profit/(loss) before income tax – continuing operations	(1,867,259)	(14,650,069)	445,472	(16,071,857)		(17,142,635)
Income tax expense/(benefit)	(7,394,701)	224,757	239,307	(6,930,637)		(6,930,637)
Profit after income tax – continuing operations	5,527,442	(14,874,826)	206,165	(9,141,220)		(10,211,998)
Segment Assets						
Total assets	137,963,310	147,484,727	32,269,233	317,717,270		
Elimination within segment	(37,404,902)	(3,687,396)	(5,000)	(41,097,298)		
Reportable segment assets	100,558,408	143,797,331	32,264,233	276,619,972	(144,456,935)	132,163,037
Segment Liabilities						
Total liabilities	104,638,233	1,156,541	110,829	105,905,603		
Elimination within segment	(7,180,000)	(600,000)	(5,000)	(7,785,000)		
Reportable segment liabilities	97,458,233	556,541	105,829	98,120,603	(96,752,774)	1,367,829

For the year ended 30 June 2014	Enterprise office (Australia) $	Operating Companies (Australia) $	Funds Management (Australia) $	Total $	Intersegment Eliminations $	Consolidated $
Revenue						
Sales to external customers	-	2,786,877	-	2,786,877		2,786,877
Intersegment sales	1,398,804	-	-	1,398,804	(1,398,804)	-
Total sales revenue	1,398,804	2,786,877	-	4,185,681		2,786,877
Interest revenue	516,122	5,907	-	522,029		522,029
Other income	130,570	48,583,718	-	48,714,287		48,714,287
Total revenue	2,045,496	51,376,502	-	53,421,997		52,023,193
Segment result	**(25,607,135)**	**37,590,220**	**-**	**11,983,085**		**11,983,085**
Depreciation and impairment	(18,162)	(121,988)	-	(140,150)		(140,150)
Finance costs	(553)	(23,228)	-	(23,781)		(23,781)
Profit/(loss) before income tax – continuing operations	(25,625,850)	37,445,006	-	11,819,156		11,819,156
Income tax expense/(benefit)	(712,502)	96,673	-	(615,829)		(615,829)
Profit after income tax – continuing operations	(24,913,348)	37,348,333	-	12,434,985		12,434,985
Segment Assets						
Total assets	246,828,701	63,778,750	-	310,607,451		
Elimination within segment	(125,042,101)	-	-	(125,042,101)		
Reportable segment assets	121,786,600	63,778,750	-	185,565,350	(22,694,792)	162,870,558
Segment Liabilities						
Total liabilities	114,947,968	1,001,370	-	115,949,338		
Elimination within segment	(94,817,199)	-	-	(94,817,199)		
Reportable segment liabilities	20,130,769	1,001,370	-	21,132,139	9,664	21,141,803

7. Income tax expense/(benefit)

	Consolidated	
	2015	2014
	$	$
(a) Income tax expense/(benefit)		
Current tax	50,582	849,622
Deferred tax	(381,850)	(1,102,218)
Under/(Over) provision in respect of prior years *	(6,599,369)	47,840
	(6,930,637)	(204,756)
* The Group obtained external advice on the deductibility of a significant prior year expense		
(b) Income tax expense is attributable to:		
Profit from continuing operations	(6,930,637)	(615,829)
Profit from discontinued operations	-	411,073
	(6,930,637)	(204,756)
(c) Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	907,279	(508,146)
(Decrease)/increase in deferred tax liabilities	(525,429)	(594,072)
	381,850	(1,102,218)
(d) Numerical reconciliation of income tax expense to prima facie tax payable:		
(Loss)/Profit from continuing operations before income tax	(17,142,634)	11,819,156
Profit from discontinued operations before income tax	3,807,699	97,488,154
	(13,334,935)	109,307,310
Income tax (benefit)/expense calculated at statutory rates of 30%	(4,000,480)	32,792,193
Add tax effect of:		
Non-deductible IPO expenditure	12,667	3,338,585
Non-deductible loss arising on discontinued operation	38,451	-
Other non-allowable items	5,391,292	7,067,539
Less tax effect of:		
Non-assessable gain on disposal of Intueri Group	-	(43,142,340)
Non-assessable gain on disposal of HRM Asia Pte Ltd	(1,180,761)	-
Differences in overseas tax rates	-	(192,669)
Other allowable items	(592,437)	(115,904)
Under/(over) provision for income tax in prior year *	(6,599,369)	47,840
Income tax (benefit)	(6,930,637)	(204,756)
Effective tax rate	51.97%	(0.01%)
* as per (a) above		
Franking credit balance at the end of the year	73,143	119,439

8. Cash and cash equivalents

	Consolidated	
	2015	2014
	$	$
Cash at bank and on hand	54,061,080	22,177,244
Term deposits (30 days)	-	74,900,000
	54,061,080	97,077,244

9. Trade and other receivables

Trade debtors	605,257	2,710,208
Accrued interest	1,177,542	-
Other accrued income	3,637	13,394
Retention receivable from sale of HRM Asia	875,536	-
Sundry debtors	12,951	62,395
	2,677,923	2,785,997

Most of the trade debtors have been outstanding for less than 60 days.

10. Other current assets

Prepayments	122,749	49,757
Inventory	851	-
Other receivables	75,000	66,847
	198,600	116,604

11. Investments

Investments accounted for using cost method: during the year, the company through its controlled entity, the Arowana Australasian Special Situations Fund (AASSF) acquired:

(a) 2,000,000 redeemable preference shares in an unlisted public company Ubiquity Power Maintenance Group Limited (UPMG) at $3.00 per share totalling $6,266,831 (including capitalised interest).

As at 30 June, the Group had the following investments using the cost method:

	30 June 2015	30 June 2014
	$	$
Ubiquity Power Maintenance Group Limited	6,266,831	-

(b) **Investment in available for sale financial assets:** during the year, the company through its wholly owned partnership, Arowana Australasian Special Situations Partnership 1, LP (AASSF) acquired 556,010 ordinary shares in an US listed company Arowana Inc with total cost of AU$1,450,442. As at 30 June 2015, the fair value of the investment was $7,116,638.

Movement of investment in available for sale financial assets during the year is as follow:

	30 June 2015 $	30 June 2014 $
Opening balance, 1 July	-	-
311,250 shares purchased on 14 January 2015	1,134,265	-
244,760 shares purchased on 27 April 2015	316,177	-
Fair value adjustment	5,666,196	-
Ending balance – at fair value	**7,116,638**	**-**

(c) **Investment accounted for using equity method:** during the year, the company through its wholly owned partnership, Arowana Australasian Special Situations Partnership 1, LP (AASSF) acquired 1,995,000 ordinary shares in a private company, VivoPower Pty Limited at $1.25 per share totalling to $2,493,750.

As at 30 June, the Group had the following investments using the equity method:

	30 June 2015 $	30 June 2014 $
Intueri Education Group (NZ)	52,442,685	54,491,286
Provision for impairment – Intueri Education Group (NZ)	(17,356,877)	-
Net investment – Intueri Education Group (NZ)	35,085,808	54,491,286
VivoPower Pty Limited	2,247,694	-
	37,333,502	**54,491,286**

Ownership details for investments using the equity method are outlined below:

		Percentage interest	
Associate	Principal activities	30 June 2015 %	30 June 2014 %
Intueri Education Group Limited	Provision of education services	24.9	24.9
VivoPower Pty Limited	Energy solutions provider	39.9	-

Movements for investments using the equity method during the year are outlined below:

	Intueri Education Group (NZ)	VivoPower Pty Limited
Opening balance, 22 May 2014	5,618,452	-
Fair value adjustment	48,561,431	-
Share of profit (loss) of associated entities	311,403	-
Balance at 30 June 2014	**54,491,286**	**-**
Acquisition on 1 August 2014	-	1,246,875
Acquisition on 1 November 2014	-	1,246,875
Share of profit (loss) of associated entities	1,974,790	(246,056)
Share of other comprehensive income of associated entities	213,387	-
Dividend received from associated entities	(1,848,972)	-
Accumulated impairment of associated entities	(17,356,877)	-
Impact of foreign exchange translation	(2,387,806)	-
Ending balance at 30 June 2015	**35,085,808**	**2,247,694**

Financial information of the investments using the equity method as at 30 June and for the year then ended is outlined below:

30 June 2015	Intueri Education Group (NZ)	VivoPower Pty Limited
Share of assets and liabilities:		
Current assets	6,279,644	1,066,986
Non-current assets	25,622,425	24,522
Total assets	**31,902,069**	**1,091,508**
Current liabilities	12,181,516	72,652
Non-current liabilities	7,362,115	81
Total liabilities	**19,543,631**	**72,733**
Net assets	**12,358,438**	**1,018,775**
Share of profit & loss and other comprehensive income		
Revenue	19,915,116	133,747
Expenses	17,940,326	379,803
Net profit	1,974,790	(246,056)
Other comprehensive income	213,387	-
Total comprehensive income	**2,188,177**	**(246,056)**

30 June 2014	Intueri Education Group (NZ)	VivoPower Pty Limited
Share of assets and liabilities:		
Current assets	7,117,142	-
Non-current assets	27,145,775	-
Total assets	**34,262,917**	**-**
Current liabilities	7,625,262	-
Non-current liabilities	6,927,887	-
Total liabilities	**14,553,149**	**-**
Net assets	**19,709,768**	-

30 June 2014	Intueri Education Group (NZ)	VivoPower Pty Limited
Share of profit & loss and other comprehensive income		
Revenue	1,863,973	-
Expenses	(1,552,570)	-
Net profit	**311,403**	-
Other comprehensive income	-	-
Total comprehensive income	**311,403**	**-**

(d) **Other financial assets:** During the period, the company through its controlled entity, the AASSF acquired 2,000,000 unsecured convertible notes in an unlisted public company, UPMG at $7.00 per note totalling $14,622,606.04 (including capitalised interest). These notes are first ranking (as UPMG has no bank debt). The notes carry a coupon of 8.5% per annum for the period from issue date to 30 June 2015 and 11.4% per annum for all subsequent periods, with coupons being cumulative. The latest redemption date is 30 June 2018 with a redemption premium of 5% unless there is a Trigger Event which results in earlier redemption.

As at 30 June, the Group had the following other financial assets:

	30 June 2015 $	30 June 2014 $
Ubiquity Power Maintenance Group Limited	14,622,606	-

12. Property, plant and equipment

	Consolidated	
	2015 $	2014 $
Leasehold improvements		
Cost	-	15,830
Less: Accumulated depreciation	-	(15,830)
WDV	-	-
Plant & equipment		
Cost	58,897	299,727
Less: Accumulated depreciation	(48,659)	(230,988)
WDV	10,238	68,739
Leased assets		
Cost	442,936	472,735
Less: Accumulated depreciation	(176,954)	(131,959)
WDV	265,982	340,776
Computer equipment		
Cost	203,422	471,088
Less: Accumulated depreciation	(99,128)	(328,407)
WDV	104,294	142,681
Furniture & fixtures		
Cost	98,260	171,479
Less: Accumulated depreciation	(21,702)	(81,108)
WDV	76,558	90,371
Total		
Cost	803,515	1,430,859
Less: Accumulated depreciation	(346,443)	(788,292)
WDV	457,072	642,567

Consolidated	Leasehold improvements $	Plant & equipment $	Leased assets $	Computer equipment $	Furniture & fixtures $	Motor vehicles $	Total $
Year ended 30 June 2015							
Balance as at 1 July 2014	-	68,739	340,776	142,681	90,371	-	642,567
Additions – via acquisitions (WDV)	-	-	-	-	-	-	-
Additions	-	2,606	-	83,995	-	-	86,601
Reclassification	-	-	-	-	-	-	-
Depreciation charge	-	(29,496)	(60,862)	(58,791)	(13,115)	-	(162,264)
Disposals	-	(19,218)	(13,932)	-	-	-	(33,150)
Business disposals	-	(13,086)	-	(66,575)	(738)	-	(80,399)
Foreign exchange movement	-	693	-	2,984	40	-	3,717
Balance as at 30 June 2015	**-**	**10,238**	**265,982**	**104,294**	**76,558**	**-**	**457,072**
Year ended 30 June 2014							
Balance as at 1 July 2013	3,578,180	1,544,747	374,475	145,156	653,093	41,954	6,337,605
Additions – via acquisitions (WDV)	-	90,899	-	-	-	70,565	161,464
Additions	263,769	2,070,448	-	524,448	145,805	138,958	3,143,428
Reclassification	-	(45,403)	184,361	-	-	(138,958)	-
Depreciation charge	(343,743)	(236,798)	(55,524)	(115,775)	(61,848)	(9,868)	(823,556)
Disposals	-	(47)	-	(96,610)	-	(25,375)	(122,032)
Business disposals	(3,543,201)	(3,683,911)	-	(314,314)	(373,840)	(146,720)	(8,061,986)
Foreign exchange movement	44,995	328,804	(162,536)	(224)	(272,839)	69,444	7,644
Balance as at 30 June 2014	**-**	**68,739**	**340,776**	**142,681**	**90,371**	**-**	**642,567**

13. Deferred Tax

Deferred Tax consists of:	2015 $	2014 $
Deferred tax assets (note 13(a))	9,411,231	1,913,225
Deferred tax liabilities (note 13(b))	2,225,286	8,642
Deferred tax assets – net	7,185,945	1,904,583

(a) Deferred Tax Assets

	Consolidated	
	2015 $	2014 $
Deferred tax assets	9,411,231	1,913,225
Deferred tax asset comprises the following:		
Capital raising costs	314,966	484,403
Due diligence expenses	-	418,963
Other timing differences on expenses	106,146	283,277
Tax losses	8,990,119	726,582
	9,411,231	1,913,225
Movement in deferred tax assets are as follows:		
Balance at beginning of the year	1,913,225	1,407,252
Charged/(Credited) to profit & loss	907,279	508,146
Under/(Over) provision in respect of prior year	6,590,727	(50,615)
Impact of foreign currency movement	-	(31,502)
Disposal of business	-	79,944
Balance at end of the year	9,411,231	1,913,225

(b) Deferred Tax Liabilities

Deferred tax liability	2,225,286	8,642
Movement in deferred tax liabilities is as follows:		
Balance at beginning of the year	8,642	4,485,243
(Over)/under provision in respect of prior year	(8,642)	-
Charged/(Credited) to profit & loss	525,429	(594,072)
Charged to equity directly through other comprehensive income	1,699,857	-
Impact of foreign currency movement	-	440,524
Disposal of business	-	(4,323,053)
Balance at end of the year	2,225,286	8,642

14. Intangible Assets

	Goodwill	Other Intangible assets	Other	Total
	$	$	$	$
As at 30 June 2015				
Cost	2,201,040	13,873	-	2,214,913
Accumulated amortisation	-	(13,873)	-	(13,873)
Carrying value	2,201,040	-	-	2,201,040

	Goodwill	Other Intangible assets	Other	Total
	$	$	$	$
Movement for the year ended 30 June 2015				
Opening balance – carrying value	5,808,917	1,560	-	5,810,477
Amortisation expense	-	(1,560)	-	(1,560)
Disposals – HRM Asia	(3,607,877)	-	-	(3,607,877)
Net book amount	2,201,040	-	-	2,201,040

Goodwill as at 30 June 2015 can be allocated to the various cash generating units as follows:

Cash generating unit	$
Operating Companies Division - Thermoscan	2,201,040
Total Goodwill	2,201,040

	Goodwill	Other Intangible assets	Other	Total
	$	$	$	$
As at 30 June 2014				
Cost	5,808,917	13,873	-	5,822,790
Accumulated amortisation	-	(12,313)	-	(12,313)
Carrying value	5,808,917	1,560	-	5,810,477

	Goodwill $	Other Intangible assets $	Other $	Total $
Movement for the year ended 30 June 2014				
Opening balance – carrying value	23,791,688	16,018,722	-	39,810,410
Acquired – OCA	5,619,628	2,406,109	-	8,025,737
Addition	-	166,917	-	166,917
Amortisation expense	-	(3,357,762)	-	(3,357,762)
Disposals – IEGL	(25,286,949)	(16,842,198)	-	(42,129,147)
Impact of foreign exchange movement	1,684,550	1,609,772	-	3,294,322
Net book amount	5,808,917	1,560	-	5,810,477

Goodwill as at 30 June 2014 can be allocated to the various cash generating units as follows:

Cash generating unit	$
Operating Companies Division – HRM Asia	3,607,877
Operating Companies Division – Thermoscan	2,202,600
Total Goodwill	5,810,477

15. Trade and Other Payables

	Consolidated	
	2015 $	2014 $
(a) Current		
Trade creditors	255,330	2,128,712
Accrued expenses	189,127	856,722
GST payable	-	-
Long-Term Value Creation Plan payable [a]	542,700	13,951,488
Other payables	82,550	3,408,239
	1,069,707	20,345,161

(a) During 2015, the Board and shareholders approved a revision to the Long-Term Value Creation Plan which provides an incentive amount payable to the Group enterprise office staff. The incentive is based on 20% of any outperformance above an average 8% per annum (hurdle rate) of AWN's enterprise value (with relevant adjustments for debt or equity raised or returned), calculated over a 5 year period, subject to any early trigger events. The partial divestment of Intueri and the separate listing of its securities on the NZ Stock Exchange on 23 May 2014 represented a trigger event in the previous year while the sale of HRM Asia on 30 September 2015 resulted in a trigger event in 2015. The method for calculating the incentive amounts are outlined in detail in an explanatory memorandum presented at the AGM in November 2014 at which the revised LTVCP was approved by shareholders. The components of the incentive paid to those considered to be key management personnel of the Group have been included in the (audited) remuneration report in the Directors Report. The total amount calculated as expenses for the year ended 30 June 2015 was $1,000,000.

(b) Non-Current		
Loan with Arowana Partners Group Pty Limited	8,980	-
Loan with Intueri Education Group Limited	-	151,864
	8,980	151,864

16. Deferred Income

Deferred income	-	169,968
	-	169,968

17. Income Tax Payable

Income tax payable	26,994	19,909
	26,994	19,909

18. Provisions

(a) Employee entitlements - current	102,699	179,418
(b) Employee entitlements – non-current	24,276	28,307
	126,975	207,725

Employee entitlements relate to annual leave and long service leave accruals for employees.

19. Interest Bearing Liabilities

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost.

	Consolidated	
	2015 $	2014 $
Current		
Lease liabilities [(a)]	58,743	112,004
	58,743	112,004
Non-Current		
Lease liabilities [(a)]	76,429	135,172
	76,429	135,172
Total Interest Bearing Liabilities	135,172	247,176

(a) Lease liabilities are finance leases secured against assets financed at Thermoscan Inspection Services Pty Limited.

20. Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group, through its training and management standards aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

		Carrying amount	
		2015	2014
	Note	$	$
Cash and cash equivalents	8	54,061,080	97,077,244
Trade and other receivables	9	2,677,923	2,785,997
Total		56,739,003	99,863,241

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties which are rated AA- by Fitch Ratings and Standard and Poor's.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The customer debts are monitored closely and proper processes are in place to ensure recoverability of receivables. The Group establishes an allowance for impairment that represents an estimate of incurred losses in respect of trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade together with expected cash outflows on trade payables.

The following are the remaining contractual maturities at the end of the reporting period:

	2 months or less	2 – 12 months	1 – 3 years	More than 3 years	Total
As at 30 June 2015					
Trade debtors	446,022	159,225	-	-	605,247
Trade creditors	(255,320)	-	-	-	(255,320)
Lease liability	(12,946)	(53,936)	(81,801)	-	(148,683)
Term loan	-	-	-	-	-
	177,756	**105,289**	**(81,801)**	**-**	**201,244**
As at 30 June 2014					
Trade debtors	2,463,687	229,821	16,700	-	2,710,208
Trade creditors	(2,065,453)	(63,259)	-	-	(2,128,712)
Lease liability	(27,045)	(84,959)	(135,172)	-	(247,176)
Term loan	-	-	-	-	-
	371,189	**81,603**	**(118,472)**	**-**	**334,320**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the presentation currency of the Company. The borrowings are denominated in the functional currency of the operating entity. This provides an economic hedge without derivatives being entered into. On the basis of a cost benefit analysis no currency risks are currently hedged.

The summary of quantitative data about the Group's exposure to currency risk as at 30 June 2015:

	SGD	USD
Assets	9,179,383	732,624
Liabilities	-	-
Net Assets	-	-
NPAT	-	-

Since its disposal of HRM Asia Pte Ltd ("HRM") during the year, the Group has exposure to SGD only to the extent of its holding of SGD 8,196,476 in its bank account and SGD 982,907 retention amount yet to be received. Similarly, following deconsolidation of Intueri Education Group Limited ("IEGL") during the previous year, the Group has exposure to NZD only indirectly as at 30 June 2015, through its remaining interest of 24.9% (equity accounted) in IEGL.

The following significant exchange rates applied during the current year ended 30 June 2015

	Average rate	Reporting date spot rate
NZD/AUD	1.0763	1.1294
SGD/AUD	1.1515	1.1142
USD/AUD	-	0.7680

Sensitivity analysis

Any change in the AUD against NZD and SGD at 30 June 2015 would have affected the measurement of financial instruments denominated in a foreign currency and increased or decreased equity and profit and loss by the amounts shown below. The analysis is based on foreign exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and expenses.

	Equity		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2015				
AUD (5% movement)	-	-	(437,737)	483,815
AUD (10% movement)	-	-	(835,680)	1,021,387

Interest risk

All of the Group's borrowings are at a variable interest rate. Depending on market trends the Group may consider a policy to fix a portion of its interest rate via an interest rate swap.

Profile

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

	Nominal amount	
	2015	**2014**
Variable rates instruments		
Financial assets	42,460,000	74,900,000
Financial liabilities	-	-
Net financial assets/(liabilities)	42,460,000	74,900,000

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points interest rates at the end of the reporting period would have increased (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	2015	2014
Interest rate		
Increase by 100 basis points	424,600	749,000
Decrease by 100 basis points	(424,460)	(749,000)

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

21. Contributed Equity

	Consolidated	
	2015 No.	2015 $
Ordinary shares		
Balance at beginning of the year	163,159,830	61,401,416
Shares issued during the year	-	-
Capital raising costs (net of taxes)	-	(4,613)
Shares bought back during the year		
- For cash on 29 July 2014	(4,962,894)	(1,882,453)
- For cash on 27 October 2014	(26,137)	(9,914)
Fully paid ordinary shares	158,170,799	59,504,436

	2014 No.	2014 $
Balance at beginning of the year	163,159,830	61,401,416
Shares issued for cash	-	-
Total contributed equity	163,159,830	61,401,416

All ordinary shares are fully paid and rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

22. Reserves

Equity reserve [a]	(11,754,685)	(11,754,685)
Market value reserve [b]	3,959,256	-
Share buyback reserve [c]	(2,600,374)	-
Foreign exchange reserve [d]	(2,174,419)	254,356
	(12,570,222)	**(11,500,329)**

(a) Equity reserve represents fair value adjustments of shares issued upon acquisition of AIHL on 4 April 2013

(b) Market value reserve represent market value adjustments of Arowana Inc shares at balance date

(c) Share buyback reserve represents fair value adjustments of share bought back on the 29 July and 27 October 2014

(d) Foreign exchange reserve represents exchange differences arising on translation of foreign controlled entities.

23. Retained Earnings

	Consolidated 2015 $	Consolidated 2014 $
Opening retained earnings (losses)	91,827,668	(9,118,507)
Net profit for the year	(6,405,211)	109,512,067
Dividend paid	(3,163,416)	(8,565,892)
Transfer of Foreign currency translation reserve to Retained Earning on HRM disposal	303,304	-
Closing retained earnings	82,562,345	91,827,668

24. Cash Flow Information

Reconciliation of the operating profit after tax to the net cash flows from operations:		
Profit from ordinary activities after income tax	(6,404,298)	109,512,065
Cash flows excluded from profit attributable to operating activities		
Add/(subtract) non-cash items:		
Impairment/Amortisation	17,356,877	3,353,139
Loss on sale of fixed assets	20,196	-
Depreciation	158,150	846,389
Profit on disposal of subsidiary	(3,935,870)	(94,632,580)
Revaluation of investment	-	(48,561,431)
Bad debts	34,311	6,617
Share of net profit of associates accounted for using the equity method	(1,728,734)	(311,403)
Accrued income	(1,177,541)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities:		
Assets		
(Increase)/decrease in trade and other receivables	530,642	7,551,737
(Increase)/decrease in other current assets	(236,310)	(12,218,151)
(Increase)/decrease in deferred tax assets	(7,498,006)	(424,445)
Liabilities		
Increase/(decrease) in trade payables	(18,997,285)	7,091,909
Increase/(decrease) in deferred income	130,160	2,145,960
Increase/(decrease) in deferred tax liabilities	2,225,767	(875,469)
Increase/(decrease) in income tax payable	87,668	(547,560)
Increase/(decrease) in provisions	(64,079)	230,767
Increase/(decrease) in other payables	(142,884)	14,023,393
Cash flow from operating activities	**(19,641,236)**	**(12,809,063)**

25. Commitments and Contingencies

Commitments

Operating Lease

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	Consolidated	
	2015	2014
	$	$
Less than one year	219,058	297,958
Between one and five years	429,906	692,530
More than five years	-	-
Total	648,964	990,488

The Group leases a number of premises under operating leases. The leases can run from a rolling one month period to 9 years, with an option to renew the lease after the date. A number of the leases disclosed as at 30 June 2014 related to those associated with a discontinued operation, HRM Asia Pte Ltd.

Finance Lease

At the end of the reporting period, the finance lease commitments are as follows:

	Consolidated	
	2015	2014
	$	$
Gross payments		
Less than one year	66,881	126,588
Between one and five years	81,802	148,683
More than five years	-	-
Total	148,683	275,271
Less: Unexpired interest	(13,511)	(28,095)
	135,172	247,176
As presented in liabilities (note 19)		
Current	58,743	112,004
Non-current	76,429	135,172
	135,172	247,176

The Group has a number of finance leases on motor vehicle and plant and equipment. The finance leases are generally for a period of 36 to 48 months.

26. Capital Commitments

There were no capital commitments as at balance date.

27. Earnings Per Share

	Consolidated	
	2015 Cents	2014 Cents
(a) Basic earnings per share		
Basic earnings per share attributable to the ordinary equity holders of the Company	(6.44)	7.62
From discontinued operations	2.40	59.50
Total basic earnings per share attributable to the ordinary equity holders of the company	(4.04)	67.12
(b) Diluted earnings per share		
Diluted earnings per share attributable to the ordinary equity holders of the Company	(6.44)	7.62
From discontinued operations	2.40	59.50
Total diluted earnings per share attributable to the ordinary equity holders of the company	(4.04)	67.12
(c) Reconciliation of earnings used in calculating earnings per share	**$**	**$**
Profit attributable to the ordinary equity holders of the company used in calculating earnings per share:		
From continuing operations	(10,212,910)	12,434,985
From discontinued operations	3,807,699	97,077,080
	(6,405,211)	109,512,065

	Numbers	Numbers
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	158,560,179	163,159,830
Weighted average number of ordinary shares used as a denominator in calculating diluted earnings per share	158,560,179	163,159,830

28. Contingent Assets and Liabilities

There were no contingent assets as at 30 June 2015.

Contingent liabilities not provided for in the financial statements of the Group as at 30 June 2015 comprised of the following:

- Bank guarantees of $20,900 associated with various rental agreements
- Bank guarantee of $50,000 towards business credit card facility

29. Related Party Transactions

Key Management Personnel Compensation

	Consolidated	
	2015	2014
	$	$
Short-term employee benefits	1,380,764	19,733,617
Post-employment benefits	26,669	35,604
Other long term benefits	-	-
	1,407,433	**19,769,221**

Individual directors and executive compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report. Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Key Management Personnel Transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial and operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions relating to key management personnel and entities over which they have control or joint control were as follows:

Expense transactions

	Transaction	2015	2014
Director			
Inisfree Holdings Pty Limited [a]	Director fees	26,004	40,008
Inisfree Holdings Pty Limited [a]	Consulting fees	31,998	-
Inisfree Holdings Pty Limited [a]	Reimbursement of expenses	1,276	2,060
Mr John Moore	Director fees	30,000	30,000
Mr John Moore	Reimbursement of expenses	496	617
Mr Robert McKelvey	Director fees	10,250	-
Mr Robert McKelvey	Reimbursement of expenses	413	-
Key management person			
Hyams Beach Real Estate Pty Ltd [d]	Consulting fees	40,078	148,309
Hyams Beach Real Estate Pty Ltd [d]	Reimbursement of expenses	-	3,736
Coliemore Pty Limited [f]	Consulting fees	82,323	-
Mr Conor Byrne [f]	Reimbursement of expenses	1,895	-
Other related parties			
Arowana Capital Pty Limited [b]	Rent and other expenses	-	44,406
Arowana Capital Pty Limited [b]	Reimbursement of expenses	-	98,559
Arowana Partners Group Pty Limited [b]	Director fees	30,000	30,000
Arowana Partners Group Pty Limited [b]	Research fees	171,500	346,812
Arowana Partners Group Pty Limited [b]	Reimbursement of expenses	127,893	71,673
Borneo Capital Pty Limited [b)]	Rent	393,120	336,490
Borneo Capital Pty Limited [b]	Reimbursement of expenses	38,103	74,700
FX2School Pty Limited [b]	Reimbursement of expenses	3,124	-
Intueri Education Group Limited [h]	Reimbursement of expenses	-	45,567
RSM Bird Cameron Pty Limited [c]	Director fees	-	5,000
RSM Bird Cameron Pty Limited [c]	Tax consulting services	-	37,525

Revenue transactions

	Transaction	2015	2014
Other related parties			
Arowana Australasian Value Opportunities Fund Limited (i)	Reimbursement of expenses	37,005	-
Arowana Capital Pty Limited (b)	Reimbursement of expenses	104,270	-
Arowana Partners Group Pty Limited (b)	Reimbursement of expenses	81,878	54,227
Borneo Capital Pty Limited (b)	Reimbursement of expenses	7,919	6,082
FX2School Pty Ltd (b)	Reimbursement of expenses	4,160	685
Inisfree Holdings Pty Limited (a)	Reimbursement of expenses	-	902
Intueri Education Group Limited	Reimbursement of expenses	3,260	181,268
K2 Horizon Pty Ltd (e)	Reimbursement of expenses	4,332	14,583
Luz Almond Company Pty Ltd (b)	Reimbursement of expenses	20,509	26,417
Ubiquity Power Maintenance Group (j)	Reimbursement of expenses	10,079	62,019
VivoPower Pty Ltd (h)	Reimbursement of expenses	40,137	-

Payables balance at balance date

The aggregate value of payables balance at balance date relating to key management personnel and entities over which they have control or joint control were as follows:

	2015	2014
Arowana Partners Group Pty Limited (b)	78,685	35,107
Hyams Beach Real Estate (d)	-	15,119
Intueri Education Group Limited	-	2,045

Receivables balance at balance date

The aggregate value of receivables balance at balance date relating to key management personnel and entities over which they have control or joint control were as follows:

	2015	2014
Arowana Australasian Value Opportunities Fund Limited	3,892	-
Arowana Capital Pty Limited (b)	618	-
Arowana Partners Group Pty Limited (b)	4,924	3,426
Borneo Capital Pty Limited (b)	586	1,698
FX2School Pty Ltd (b)	610	753
Intueri Education Group Limited (h)	19	4,942
K2 Horizon Pty Ltd (e)	-	4,608
Luz Almond Company Pty Ltd (b)	2,906	5,336
Ubiquity Power Maintenance Group (j)	308	1,369
VivoPower Pty Ltd (h)	282	-

(a) entity related to Mr. Malcolm Keefe
(b) entity related to Mr. Kevin Chin
(c) entity related to Mr. Paul Welch
(d) entity related to Mr Craig McIntosh
(e) entity related to Mr Kent Kwan
(f) entity related to Mr Conor Byrne
(g) all reimbursement of expenses relates to occupancy costs, salaries on charged, travel expenses, etc. The expenses have been incurred by the supplier on behalf of the Company.
(h) associates
(i) entity whose operations are managed by the Company's wholly owned subsidiary
(j) AWN owns preference shares

30. Controlled Entities

Name of Entity	Country of incorporation	Class of shares	2015 %	2014 %
Parent entity				
Arowana International Limited				
Controlled entities of Arowana International Limited				
Intelligent Solar Energy Technology Pty Ltd	Australia	Ordinary	100	100
Arowana Australasian Holdings Limited	Australia	Ordinary	100	100
Intueri Education Holdings Pty Limited	Australia	Ordinary	100	100
Intueri Education Group Pty Ltd	Australia	Ordinary	100	100
HRM Asia Holdings Pty Limited	Australia	Ordinary	100	100
Key Media Holdings Pty Limited	Australia	Ordinary	100	100
Key Media Pte Limited	Singapore	Ordinary	-	100
Key Media Hong Kong Limited	Hong Kong	Ordinary	-	100
Thermoscan Holdings Pty Limited	Australia	Ordinary	100	100
Thermoscan Inspection Services Pty Limited	Australia	Ordinary	100	100
AWN Funds Management Pty Limited	Australia	Ordinary	100	-
AWN Special Situations Fund 1 Holdings Pty Limited	Australia	Ordinary	100	-
Arowana Australasian Special Situations Fund 1 Pty Limited	Australia	Ordinary	100	-
Arowana Australasian Special Situations Carry 1 Pty Limited	Australia	Ordinary	100	-
Arowana Australasian Special Situations 1A Pty Limited	Australia	Ordinary	100	-
Arowana Australasian Special Situations 1B Pty Limited	Australia	Ordinary	100	-
Arowana Australasian Special Situations 1C Pty Limited	Australia	Ordinary	100	-
AWN Value Opportunities Fund Pty Limited	Australia	Ordinary	100	-
AAVOF Management Pty Limited	Australia	Ordinary	100	-

31. Events Subsequent To Reporting Date

A final dividend of 1.0 cent per share was declared on 27 August and is payable in September 2015. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group and Company, the results of those operations, or the state of affairs of the Group and Company in future financial years.

32. Auditors' remuneration

	2015	2014
(a) PKF Hacketts Audit		
Audit and review of financial statement	61,000	63,450
Other services	14,050	10,400
(b) PKF Tax Pty Ltd (NSW)		
Provision of taxation services	57,420	59,870
Other services	37,600	-
Total paid to PKF Hacketts Audit and its network firms	**170,070**	**133,720**

33. Deed Of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Arowana International Holdings Limited
- Intueri Education Group Pty Limited (until 23 May 2014)

34. Parent Entity Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2015 $	2014 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	44,979,879	61,468,789
Non-current assets	64,494,064	60,197,781
TOTAL ASSETS	109,473,943	121,666,570
LIABILITIES		
Current liabilities	930,034	20,075,563
Non-current liabilities	105,428,442	94,844,456
TOTAL LIABILITIES	106,358,476	114,920,019
NET ASSETS	**3,115,467**	**6,746,551**
EQUITY		
Issued capital	59,995,069	61,887,436
Capital raising costs	(486,021)	(486,020)
Retained earnings	(40,338,663)	(42,900,180)
Reserves	(16,054,918)	(11,754,685)
TOTAL EQUITY	**3,115,467**	**6,746,551**
STATEMENT OF COMPREHENSIVE INCOME		
Total profit/(loss)	5,724,814	(24,116,878)
Total comprehensive income	5,724,814	(24,116,878)

Guarantees

The Company has entered into a Deed of Cross Guarantee with its wholly owned subsidiaries. Please refer note 33 for further details. The Company has provided no other guarantee.

Contingent Assets and Liabilities

The Company has no contingent assets as at 30 June 2015.

The Company has a contingent liability relating to:

- a bank guarantee of $50,000 provided in relation to a corporate credit card
- rental security deposit of $20,900 provided in related to office lease

Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements comprising the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying Notes to the Financial Statements are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The Directors have been given the declarations by the Chief Executive Officer and the person performing the Chief Financial Officer function required by section 295A of the Corporations Act 2001 which states that:
   (a) The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act*;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair value.
5. At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 33 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Kevin Tser Fah Chin
Executive Chairman & Chief Executive Officer

27 August 2015

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AROWANA INTERNATIONAL LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Arowana International Limited ('the company') and its Controlled Entities ('the group'), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

PKF Hacketts Audit
ABN 33 873 151 348

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AROWANA INTERNATIONAL LIMITED (CONTINUED)

Opinion

In our opinion:

(a) the financial report of Arowana International Limited and its Controlled Entities is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the group's financial positions as at 30 June 2015 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 28 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Arowana International Limited and its Controlled Entities for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

PKF Hacketts

PKF Hacketts Audit

Shaun Lindemann
Partner

Brisbane, 27 August 2015

1. Shareholding

(a) Distribution of shareholders at 21 August 2015

Holdings Ranges	Number of Shareholders	Total Units	%
1-1,000	69	31,002	0.02
1,001-5,000	91	247,755	0.16
5,001-10,000	84	649,003	0.41
10,001-100,000	582	21,038,229	13.30
100,001 and over	175	136,204,810	86.11
Total	**1,001**	**158,170,799**	**100.00**

(b) The number of shareholdings held in less than marketable parcels is 466.

(c) The names of the substantial shareholders listed in the holding Company's register at the 21st August 2015 (15th August 2014) are:

Shareholder	Number of shares 2015	Number of shares 2014
HSBC Custody Nominees	9,396,000	-
Contemplator Pty Ltd <ARG Pension Fund A/c>	9,170,335	9,170,335
K&B Richards Pty Ltd <Richards Super Fund>	8,575,000	8,575,000
AIA Investment Management Pty Ltd	8,228,575	11,228,575
Knowledge Tree Group (NZ) Holdings Limited	6,358,845	6,358,845
Traoj Pty Ltd <The Traoj A/C>	5,464,380	5,571,429
C F Foundation Group <Chin Family Superfund A/C>	5,305,000	5,305,000
UBS Wealth Management Australia Nominees Pty Ltd	4,492,046	11,384,914

(d) Voting Rights

The consolidated entity has one class of ordinary shares with equal voting rights attached to them.

(e) Twenty largest shareholders

Holder Name	Number of ordinary fully paid shares held	Percentage held of listed ordinary capital %
HSBC CUSTODY NOMINEES	9,396,000	5.94
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	9,170,335	5.80
K&B RICHARDS PTY LTD <RICHARDS SUPER FUND A/C>	8,575,000	5.42
AIA INVESTMENT MANAGEMENT PTY LTD	8,228,575	5.20
KNOWLEDGE TREE GROUP (NZ) HOLDINGS LIMITED	6,358,845	4.02
TRAOJ PTY LTD <THE TRAOJ A/C>	5,464,380	3.46
C F FOUNDATION GROUP <CHIN FAMILY SUPER FUND A/C>	5,305,000	3.35
UBS WEALTH MANAGEMENT	4,492,046	2.84
RUMINATOR PTY LTD	4,335,000	2.74
MR. DUDLEY HOSKIN	3,575,000	2.26
ALOCHAN PTY LIMITED <SHARE A/C>	2,857,143	1.81
IMPULSIVE PTY LTD <DAWSON SUPER FUND A/C>	2,857,000	1.81
DF CAPITAL INVESTMENTS PTY LTD <DOBBIE FAMILY S/F A/C>	2,725,192	1.72
STITCHING PTY LTD <SSG SUPERANNUATION FUND A/C>	2,325,168	1.47
CLURNAME PTY LTD	2,260,000	1.43
ATKONE PTY LTD	2,135,000	1.35
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,124,153	1.34
J P MORGAN NOMINEES AUSTRALIA	2,052,022	1.30
BORG ACQUISITIONS PTY LIMITED <BORG ACQUISITION A/C>	1,677,798	1.03
PINTIA PTY LTD <THE PETER CURRY S/F A/C>	1,570,000	0.99
Total for twenty largest shareholders	**87,433,657**	**55.28**
Total Issued Capital	**158,170,799**	

2. The name of the company secretary is:

Mr Thomas Bloomfield

3. The address of the principal registered office in Australia is:

Level 11, 153 Walker Street, North Sydney, NSW 2060
Telephone: (02) 8083 9800/Fax: (02) 8083 9804

4. Registers of securities are held at the following address:

Boardroom Pty Limited
Level 12, 225 George Street, Sydney NSW 2000
Telephone: 1300 737 760/Fax: 1300 653 459
Email: enquiries@boardroomlimited.com.au

5. Australian Securities Exchange

The Company is currently listed on the Australian Securities Exchange.

Arowana International Limited
ABN 83 103 472 751

Registered Office
Level 11, 153 Walker Street
North Sydney, NSW 2060
Telephone: (61 2) 8083 9800
Facsimile: (61 2) 8083 9804

Directors
Mr Kevin Tser Fah Chin (Executive Director)
Hon. John Moore (Non Executive Director)
Mr Robert McKelvey (Non Executive Director)

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